

# **Policy Position**

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January 2015

## **Position on the Future of Liquor Retailing in Saskatchewan**

### **Background**

Among the foundational principles of the Saskatchewan Chamber are;

- *The support for the free exchange of goods and opinions in open markets; and*
- *The right to associate and make contracts to advance this exchange.*

The Chamber is also a strong supporter of enhanced private sector growth in the province as this enables increased wealth creation. An openly competitive marketplace for liquor retailing adheres to these ideals while offering the opportunity for sustained revenue sources for government, increased employment opportunities, and broader product selection.

Many of our members are actively involved in liquor retailing and offer an important perspective on the current system and its future.

### **Issue**

Establishing a fully private marketplace offers the opportunity for sustained revenue sources for government, increased employment opportunities, and broader product selection. Furthermore, as the province has been the regulator of liquor sales, the retailer, and the competition to existing private sellers such as off-sales and restaurants, it is continually experiencing conflicting interests that do not always lead to the best policies.

It is time for the government to get out of liquor retailing. The government's participation does not add value, fill a void, or generate revenues through retailing. The SCC believes there is no need for the government to commit resources to an industry in which the private sector is ready, willing and very able to participate.

Specifically the Saskatchewan Chamber sees a private openly competitive marketplace for liquor retailing in Saskatchewan offering the following:

#### **1. More Choice and Product Diversity**

The Saskatchewan Chamber fully understands that our province needs to meet a growing and changing liquor demand brought about by our growing and ever changing population. The demand for liquor choice, particularly as it relates to speciality beers, wines and spirits, has never been higher. The provincial government should play no role in either intentionally or unintentionally limiting this product diversity. The private liquor stores currently operating in

Saskatchewan, in addition to offering as many as 2,000 SKUs not currently carried by SLGA, have been inundated with requests for speciality products. This demand was clearly not being met under the government structure. The Chamber is aware that concerns exist regarding the potential availability of a quality liquor selection in rural Saskatchewan under a private system; however the open market will address this by focusing on the opportunity and businesses will find a solution to fill market demand where it exists. Moving to an openly competitive marketplace for liquor retailing enables the private sector to respond to changing demand quickly and serve a market, both rural and urban, that has been ignored in this province for too long.

## **2. No Geographic Considerations**

The Saskatchewan Chamber of Commerce is opposed to any regulations that would limit the exclusive right to retail alcohol in a specific geographic radius. Location viability should be determined based upon business planning as it is with other retailing. The government does not have the expertise to evaluate market demand, niche opportunities, or the internal operations of existing businesses to dictate viability and it is not the role of the government to pick winners and losers in business. The Saskatchewan Chamber believes any potential concerns over the negative impact of an increased number of liquor stores would be largely unfounded. The negative social impact of alcohol is linked to much larger issues which are not directly connected to whether an individual can visit a store as opposed to an off-sale or other retail location and certainly not based on who operates it.

## **3. Maintaining Revenue**

The Saskatchewan Chamber fully supports the government's decision not to invest capital dollars into the construction of new liquor stores as it makes no sense to use public resources to fund a service that can be more effectively provided by private business. We also recognize that the approximately \$250 million from liquor sales plays an important role in the provincial budget and that its preservation is of significant concern to this government. The Saskatchewan Chamber supports the government in moving forward with the establishment of a fully private, competitive marketplace for liquor retailing on a revenue neutral basis. A careful and thorough evaluation of the new system must be completed using internal and external expertise to test the models, timing, structure, commissions and markups to ensure all outcomes are as intended.

Further to this, as Saskatchewan transitions from a quasi-public system to a fully private one, the Saskatchewan Chamber believes that all business structures under the new system should be treated fairly and therefore the province should eliminate tiered discounts. A balanced, competitive market is important for all liquor retailers, but this is especially important for existing operations as new entrants may have a broader array of business models to choose from.

## **4. Contracted Warehousing Services**

Beyond the direct retailing of liquor, the Saskatchewan Chamber believes the Government of Saskatchewan should expand private sector involvement to include the warehousing of liquor.

Similar to Alberta, there is an opportunity to further reduce the government's costs associated with liquor wholesaling. We recommend that the provincial government contract through an open and transparent RFP process one or more private companies to conduct liquor warehousing operations. Contracting a private company would enable the provincial government to continue to potentially own the warehouse, be the importer of record, apply provincial markup, and set provincial policy regarding alcohol sale and consumption, while still encouraging innovation and reduced operating costs through private sector involvement.

## **5. Fair Regulations**

The Saskatchewan Chamber hopes the government will take this opportunity to streamline liquor regulations as the competitive environment is about to change significantly. First and foremost all retailers of liquor should be treated fairly including but not limited to stores, franchises, off-sales and restaurants/bars. In addition to this the government should allow private retail stores to sell product to licensees as their product offerings and service model allows. The current requirement for licensees to have to order through SLGA is cumbersome and lacks efficiency.

We also believe the current regulations regarding hours of operation need to be changed. As our province moves to a fully private system the distinction between private stores, franchises, and off-sales will become increasingly arbitrary and the various hours of operations applied to these classifications will be an unnecessary hindrance. As with all private, competitive environments, business operators should be allowed to determine which hours best suit their goals and clientele.

## **6. Strategic Implementation**

The Saskatchewan Chamber recognizes that the phase-in of this model will be crucial for its success. We understand that while a great deal of the province's liquor retailing is already privately operated, transitioning the government out entirely and eliminating the tiered discounts will take time to avoid revenue shocks and to ensure fluid and consistent service delivery.

We propose that the government immediately allow new private stores or other retailing venues to start entering the marketplace wherever they determine business viability. Parallel to this, the government should start the process to shut down its less efficient stores and look to time store closures with lease expirations or other cost reducing events. The discount rates should also be incrementally changed as the nature of the province's retail system changes.

The Saskatchewan Chamber appreciates that the intricacies of this change will take time and skillful leadership, but we also are keenly aware that private businesses will not embrace a confusing and indefinitely fluctuating environment. Therefore, we encourage the provincial government plan to have the liquor retailing system completely privatized by 2018.

### **Saskatchewan Chamber of Commerce Recommendation**

- 1) That the Government of Saskatchewan move to a completely private liquor retailing structure in an efficient and timely manner.
- 2) That the Government of Saskatchewan allow new retail locations based upon application by business and not limit by artificial geographic boundaries.
- 3) That the Government of Saskatchewan implement a commission and markup structure that is equal to all and that would make the change to fully private revenue neutral for the provincial government.
- 4) That the Government of Saskatchewan allow contract the operation of the warehouse to a qualified private operator.
- 5) That the Government of Saskatchewan allow all licensees to buy their liquor from any licensed Saskatchewan retailer they choose. Also reduce regulation around hours of operation to expand choice by the operator.
- 6) That the Government of Saskatchewan create a strategic and detailed transition plan with a goal of having a private system fully in place by 2018.

# **Policy Position**

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January 2015

## **Implementation of Northern Business Task Force Recommendations**

### **Background**

The Saskatchewan Chamber of Commerce's Northern Business Task Force is a group that was formed to discuss current and future issues and opportunities in Saskatchewan's remote northern areas and make appropriate recommendations to ensure that the potential of the region is realized.

The group generated a series of recommendations to focus attention on some of the key issues and opportunities in Saskatchewan's remote northern communities, as well as address particular issues. The group recognized that this is not a comprehensive list of solutions and that there are many paths which could be taken to achieve the same goals and a thorough evaluation of each should be conducted to determine the best courses of action. However, regardless of the actions that are undertaken, the broader goal should be to ensure that the chosen actions are carried out in an expedient way, with sufficient resources being allocated to get tangible results.

### **Issue**

In Saskatchewan's remote northern communities, nearly all people and businesses pay more each month for electricity than in southern communities. This is primarily because the usage of electricity is much greater; houses and other structures in the north are often poorly insulated and have been built using lower-quality construction materials, additionally water and sewer lines are improperly insulated leading to additional warming requirements. Similar challenges are not experienced in other regions to the same extent.

In addition to higher energy consumption, SaskPower currently charges rural electricity rates (E03 billing code) to residents and businesses operating on reserves instead of using urban rates (E02 billing code) this does not always make sense as a large number of reserves have a higher population than many towns and villages throughout Saskatchewan. SaskPower's basic monthly utility fee for rural properties is approximately 30% greater than for urban properties, plus the cost per kilowatt hour of electricity is slightly higher as well. When those higher costs are combined with the inherent energy inefficiencies, the resulting high electricity costs create a significant competitive barrier for the region.

Also a competitive challenge for the north is travel in and out. Many communities in Saskatchewan's remote northern areas rely heavily upon ice roads in the winter months for transporting freight to those areas. Ice roads have had a fixed closure day in Saskatchewan based on government policy regardless of weather conditions. When every additional day or week of

ice road access can mean significantly reduced transportation costs for businesses operating in Saskatchewan's remote northern communities this policy is not the most practical.

Also related to transportation, the investment in northern roads is critical. Although the provincial Ministry of Highways annual budget does include northern road maintenance, prudent decisions tends to allocate large infrastructure tax dollars towards getting the greatest results for the taxpayer investments (i.e. regions of greater economic activity). Despite the budgeting pressures governments always face, there is still a need for the Government of Saskatchewan to commit to increasing the annual budget for northern road maintenance and construction by a meaningful amount every year to allow some longer term, economically important projects to be completed over several fiscal years. This includes funding to build the all-weather Garson Lake Road from La Loche to Fort McMurray and all-weather road from Highway 905 to Wollaston Lake.

Beyond direct infrastructure considerations, education is another area where there is potential for enhancement in northern Saskatchewan. There is an opportunity to better inform northern Saskatchewan high school students about opportunities for their future employment throughout the province, as well as the kinds of training they will need to receive in order to be qualified for those jobs, so enhanced career counselling is an important component of this. In addition, northern students should have the training opportunities to take advantage of more career opportunities. The expansion of such training programs, which should start in educational areas that have strong linkages to employment opportunities, would require a significant expansion of distance education courses and the construction of appropriate new training facilities in Saskatchewan's north.

Part of the facilitation of enhanced distance learning is the improvement of internet coverage in remote northern Saskatchewan. Internet capacity in this region is already being used at close to existing capacity, so even if the capacity is expanded slightly in the near future, there will not be enough to accommodate the growing need. Access to high quality broadband and cellular services is a vital part of doing business, so the provision of this service should be treated with the same priority as providing electricity to remote areas.

The availability of low-cost nutritional food is another issue facing northern Saskatchewan residents. There is a significant increase in prices as the products travel farther north, the federal government operates the Nutrition North Canada program to help offset some of these costs, however the benefits Saskatchewan communities receive are lower than those received in other northern Canadian communities. The expansion of this subsidy would allow businesses operating in remote northern communities to receive more substantial subsidies to offset their costs to transport healthy food items to those locations and therefore lower the food costs to residents.

As illustrated above, there are many organizations, including but not limited to the provincial government, federal government and Crown corporations, that are involved in providing necessary infrastructure and services to northern Saskatchewan. This division of services sometimes creates a lack of communication about respective projects, which results in varying degrees of overlap between the activities. By communicating more clearly with each other when planning and carrying out projects, duplication of many project elements can be significantly

reduced or eliminated and new opportunities can be identified. As a core component of increasing cooperation between Crowns and Ministries, the Premier and Ministers with relevant portfolios should complete tour of Saskatchewan's remote northern communities to gain a firsthand understanding of the issue and potential found in the region.

### **Saskatchewan Chamber of Commerce Recommendation**

- 1) That the Government of Saskatchewan, working with SaskPower, increase efforts to encourage energy efficiency.
- 2) That SaskPower change all northern communities from E03 electricity rate code to E02 code.
- 3) That the Government of Saskatchewan adjust ice road closure dates on an annual basis.
- 4) That the Government of Saskatchewan increase the provincial budget for northern roads by a meaningful amount every year.
- 5) That the Government of Saskatchewan build the all-weather Garson Lake Road from La Loche to Fort McMurray.
- 6) That the Government of Saskatchewan build an all-weather road from Highway 905 to Wollaston Lake.
- 7) That the Government of Saskatchewan work with the necessary education provider to increase awareness of career opportunities and training options among northern residents.
- 8) That the Government of Saskatchewan work with post-secondary educational institutions to ensure that educational opportunities and attainment standards are comparable to southern Saskatchewan.
- 9) That the Government of Saskatchewan and the Government of Canada, work with SaskTel to ensure comparable access to bandwidth and cellular coverage for northern communities.
- 10) That the Government of Canada increase Nutrition North Canada subsidy for healthy foods.
- 11) That the Government of Saskatchewan in partnership with the Crown Corporations continue to improve internal communication and cooperation between Crown Corporations and Ministries on northern issues.
- 12) That the Premier and appropriate Ministers visit Saskatchewan's remote northern communities.

# **Policy Position**

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April 2015

## **The Impact of Rail Access on Saskatchewan's Export Potential**

### **Background**

In 2014, the Saskatchewan Chamber of Commerce contracted the Conference Board of Canada to complete its first Saskatchewan Research Campaign project: *The Impact of Rail Access on Export Potential*. The project was designed to provide an outline of the current situation, an analysis of future demand, and recommended changes. On March 30, 2015 the report was released with nine recommendations.

### **Issue**

Saskatchewan boasts a strong and growing economy; over the last decade, Saskatchewan's growth has exceeded the national average seven times. The Conference Board of Canada has forecasted that Saskatchewan's long-term growth will continue to be greater than Canada overall between 2014 and 2035. This growth, however, depends upon international exports. For example, in 2013 Saskatchewan had over \$32 billion in exports, or the equivalent of 40 per cent its nominal GDP. While exports are critically important to Saskatchewan's economy, getting them to market is a great challenge. Ocean transport is the cheapest form of bulk freight transport, but as a landlocked province Saskatchewan is thousands of kilometers away from major international ports. As such, rail transportation is heavily relied upon.

There are challenges with railway transportation, however. Often, the availability of rail transportation does not meet shipper demand. For example, 2013-14 was a record year for crop production, but railway capacity was unable to meet the significant increase in shipper demand and farmers had to keep a large portion of the 2013 harvest in on-farm storage as grain elevators had also reached maximum capacity. This translated into a loss of anticipated income for farmers and reduced value of harvested crops.

### **Saskatchewan Chamber of Commerce Recommendations**

- 1) That the Government of Canada review the full impact of the Maximum Revenue Entitlement (MRE). It has been 15 years since the MRE was implemented. (The MRE is a limit on the average revenue per tonne that railways can earn on the shipment of regulated grains from Western Canada to the Port of Thunder Bay or to ports in British Columbia.)
- 2) That the Government of Saskatchewan reduce fuel taxes to bring them in line with other provinces. Railways pay nearly \$40 million in fuel taxes annually to the Saskatchewan government as a result of a particularly high provincial fuel tax per litre (15 cents per



litre). Producers rely on railways to get products to market, and this could reduce the cost of shipping products to and from the province by rail.

- 3) That private businesses focus on greater and timelier communication across the logistics supply chain. Better and timelier sharing of information can help shippers and railways prepare for disruptions.
- 4) That the Government of Saskatchewan increase their coordination with governments and infrastructure providers outside of the province. Saskatchewan and its economy has as direct an interest in investments and efficiencies at Port Metro Vancouver, Prince Rupert and Thunder Bay as it does in investments in freight infrastructure within the province. As a result, the Government of Saskatchewan has as much interest in being involved in supporting those investments either directly or indirectly.
- 5) That the Government of Saskatchewan, Government of Canada and private businesses, increase supply chain options and redundancy. For Saskatchewan – a province that is more landlocked than any other – any increased redundancy in terms of routing options to export markets is valuable.
- 6) That the Government of Saskatchewan and Government of Canada consider the full effects of legislative solutions while focussing efforts on long-term rather than short-term solutions. Government policies that dictate the minimum amount of grain to be moved may have unintended consequences. The possibility of such unintended consequences undermining supply chain efficiency should be considered and monitored.
- 7) That the Government of Saskatchewan and Government of Canada should investigate the barriers, financial or otherwise, to investing in more on-farm storage in order to determine the value in some solutions. The total capacity of on-farm grain storage is currently unknown, but the need for storage was quite evident during the 2013-14 crop year.
- 8) That the Government of Saskatchewan and Government of Canada make a concentrated effort to work through the political intricacies that have bottlenecked pipeline expansions and determine the impact, if any, on rail service for other commodities. The growing role played by rail transporting crude oil is largely as a result of current pipeline access becoming increasingly constrained.
- 9) That the Government of Saskatchewan and Government of Canada identify and remove the barriers to new hopper car purchasing, as it relates to potential ownership by railways, shippers, or third-parties. The grain hopper car fleet in Canada is aging and in need of replacement. Newer cars are both shorter and lighter and as a result contribute to an increase in the carrying capacity of approximately 25 per cent per train.

# **Policy Position**

March 2015

## **Ownership of Saskatchewan Farmland by Canadian Pension Plans**

### **Background**

Within Canada and in many places around the world, there is a growing interest toward investing in Saskatchewan farmland. Saskatchewan's booming economy, a growing global demand for food, rising commodity prices, and relatively cheap land prices have created an attractive opportunity for pension funds to invest in farmland while generating an attractive rate of return.

The Saskatchewan Farm Security Act and Regulations however, restricts the ownership of farmland by a "non-resident person" or a "non-Canadian-owned entity" to a maximum of ten acres, unless special permission is granted by the Farm Land Security Board.

The ownership restrictions in the Act apply to "land holdings," which include: ownership of farmland, any interest in farmland held under an agreement to purchase or lease, an interest in a limited partnership that has land holdings, and any interest in farmland held under an agreement that may directly or indirectly confer the right of possession or ownership, or any right or control ordinarily held by the owner of farmland. Furthermore, the definition of "Canadian-owned entity" used in the Act is quite restrictive, and therefore prevents many structures from being used as investment vehicles.

Saskatchewan's Farm Land Security Board does allow exemptions to the ownership restriction, but only after it fully considers factors such as the public interest, the potential impact to Saskatchewan, and the specific circumstances of the applicant.

### **Issue**

The current Act has been in place in some form since 1974, with the most recent amendments relating to farm ownership restrictions being implemented in 2002. The original intent of the provincial government in enacting this legislation was to encourage and support young farmers and ensure stability in Saskatchewan's agricultural sector by keeping the price of farmland down.

This has resulted in a negative impact on land values which might be inadvertently hurting those farmers the legislation was expected to help. Some issues for consideration:

- 1) Farmers, both young and old, who are wanting to expand or diversify their farms often have limited capital with which to finance new opportunities as they arise. Young farmers also realize that if land values are kept artificially low it may not benefit them when they eventually look to sell their land in the future.

- 2) Immigrants moving to Canada to farm will consider a number of different factors when deciding where to locate. While price is a consideration, a great deal of emphasis is also placed on the likelihood of farmland increasing in value rather than decreasing or staying the same.
- 3) Farmers wishing to retire or downsize are being denied the benefit of price increases and access to a larger market of interested buyers that would have normally been available to them if there were not artificial restrictions on farmland ownership in place.
- 4) Younger farmers in particular might also lack the money to purchase new equipment and the ability to work with an expanded base of buyers could allow for greater flexibility in terms of expanding their farming options, including custom farming and renting land, to increase their income.
- 5) The implementation of innovative and productivity-enhancing initiatives such as extensive irrigation systems involve significant amounts of capital investment that often require a longer-term outlook. These kinds of investments are something that farmers in their later years of active farming either cannot or are often not willing to pay for.

Some argue that the restrictions on farmland ownership are in place to ensure a viable rural population. Although the declining populations in many of Saskatchewan's rural areas is a legitimate concern, it is unlikely that the repopulation of rural Saskatchewan is helped at all by the current farmland ownership laws. Removal of these restrictions could help reduce the decline of rural populations by enhancing investment and farming opportunities for people wanting to farm land they own or access. It could also create a more attractive atmosphere for investment in other local projects or business ventures, which in turn would increase revenue to farmers, as well as to local businesses, local communities, cities and ultimately the province.

Opening up one of Saskatchewan's most attractive assets classes to reliable, long-term investors could create spinoff benefits in terms of increased visibility of the broader investment opportunities available in Saskatchewan. Also, by allowing pension funds and other sources of "patient capital" to invest in Saskatchewan farmland, there is the potential to generate additional revenue from the land by encouraging more long-term improvements such as irrigation systems.

With the exception of Prince Edward Island, all provinces and the federal government have legislation by which registered pension plans must abide. These various pieces of legislation work to ensure the legitimacy of the Canadian and provincially-based pension plans. Only plans registered with the appropriate authorities under such legislation within Canada, and whose contributors are majority Canadians, should be eligible to invest in Saskatchewan farmland.

A survey of the Saskatchewan Chamber's business members in March 2015 found that 74% of respondents felt that Canadian and Saskatchewan-based pension plans should be allowed to invest in Saskatchewan farmland. This shows that there is clear support for amending the current

legislation to allow for greater ownership by pension plans that are registered either in Saskatchewan or other Canadian provinces.

A registered Canadian pension plan, with the majority of contributors being Canadian, is essentially a group of Canadians joining together to invest in farmland. As such, a pension plan should be eligible to invest in Saskatchewan farmland if it is both registered in Canada according to the applicable legislation, and also made up of a majority of Canadian contributors.

### **Saskatchewan Chamber of Commerce Recommendations**

- 1) That the Government of Saskatchewan amend *The Saskatchewan Farm Security Act* to reduce or remove the current farmland ownership restrictions for Canadian and Saskatchewan-based pension plans.
- 2) That the Government of Saskatchewan provide additional clarity on ownership rules in *The Saskatchewan Farm Security Act* and/or its Regulations by defining eligible pension plans as those that are registered within Canada and also made up of a majority of Canadian contributors.

## **SUBJECT: Integrating Entrepreneurship into the Public School System**

### **SUBMITTED BY: Youth, Education and Training Committee**

#### **BACKGROUND**

Saskatchewan is recognized as one of the most entrepreneurial provinces in Canada. Because entrepreneurial activity is a key source of job creation and economic growth in our province, it is imperative that our government and business community continue to support an entrepreneurial culture. An area of support that is lacking is in the K-12 system. By promoting youth entrepreneurship programs and course integration in K-12 curriculum, Saskatchewan is creating more choices and career-ready students that are better equipped and prepared to be meaningful contributors to our economy and to themselves.

#### **ISSUE**

The community at large needs to find ways to encourage entrepreneurial spirit, and the schools are a significant vehicle within which this can be done. Saskatchewan's schools are failing at engaging our students and our system is failing by not making this mandatory. Our students today lack the understanding about our economy and simply put they are incapable of functioning as economic decision makers.

As a province that ranks high amongst its peers for promoting an entrepreneurial environment, Saskatchewan is a place that is not preparing its local talent with opportunities to explore the entrepreneurial career path. The youth of today and the future entrepreneurs of tomorrow are not adequately exposed to business education in our school curriculum.

While there has been the introduction of the Junior Achievement program (JA) that provides business education to elementary, middle and high school students, it is not mandatory nor consistently taught and supported in all schools and regions in Saskatchewan.

Recently, the Saskatchewan School Boards Association launched the Aboriginal Youth Entrepreneurship program (AYEP). This program aims to provide necessary training in order to prepare First Nation and Métis for business and entrepreneurship. Again however, the deployment of this program is in only 17 schools. Even though this is a move in the right direction, there are many schools that are simply identified and then placed on a waiting list.

Entrepreneurial programs such as JA and AYP, supported by the Saskatchewan Chamber of Commerce and broader business community, will force administrators and teachers to be more entrepreneurial in their jobs by encouraging innovation and also by creating competition and a more business-like environment within the K-12 education system.

Some of the reasons why these two programs and others are not considered or explored is the lack of financial support and lack of emphasis as a topic of mandatory priority in our school system. The inconsistency in programming and availability leads to lost opportunities, lost ideas, and in turn, a province that will lose its ranking as a top entrepreneurial province, resulting in an eventual drop in economic growth.

In addition to the lack of funding, there is also a training element consider with regard to the introduction of new curricula. Is the school system supportive of all schools and are teachers provided with the proper amount of training and resources needed to properly and effectively teach this subject?

Encouraging youth entrepreneurship is also an important step towards addressing the concerns about succession planning that many family-owned, small and medium sized businesses face. Without informing potential young entrepreneurs about the opportunities that can arise from buying an existing business, they will often choose other career paths, which results in existing business owners having no successors to continue their business once they retire.

### **RECOMMENDED**

- 1) That Saskatchewan's Ministry of Education ensure that entrepreneurship education be integrated in all levels of the K-12 education system.
- 2) That Saskatchewan's Ministry of Education ensure that entrepreneurial studies are included in at least one mandatory course and available to all elementary and middle school students, and that elective entrepreneurship programs are offered in all high schools.
- 3) That Saskatchewan's Ministry of Education ensure that the teachers responsible for the teaching of such courses are adequately trained and supported to present the course content.
- 4) That the Saskatchewan Chamber of Commerce continue to support entrepreneurial programs by encouraging the government, SCC membership, and the broader business community to support these programs by being funding partners, mentors and/or volunteers.

# POLICY POSITION

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MAY 2015

## **Improving Workplace Safety**

### **Background**

All Saskatchewan residents have a right to healthy and safe work environments, free from harassment.

To establish such an environment, the Government of Saskatchewan has, through the Occupational Health and Safety (OHS) Act and regulations, required all employers to take action in order to:

- Provide a safe and healthy workplace.
- Establish Occupational Health Committees or representatives and consult and cooperate with them in resolving health and safety concerns.
- Provide required safe work procedures.
- Ensure equipment is provided and maintained.
- Ensure workers are trained.
- Ensure supervisors are competent.
- Prevent harassment from occurring.
- Stop harassment when it does occur.
- Develop and implement a written harassment policy that meets OHS requirements.

### **Issue**

Despite these requirements instituted through the Ministry of Labour Relations and Workplace Safety, Saskatchewan has still struggled with its goal of creating healthy and safe workplaces. In 2014, Saskatchewan experienced a time loss injury claim rate of 2.41% and a total injury rate of 6.99%. While both of these percentages have been declining in recent years, Saskatchewan's labour force is still being negatively impacted by injured employees not being able to work.

### **Saskatchewan Chamber of Commerce Recommendations**

- 1) That the Saskatchewan Chamber of Commerce support member businesses in making sure that the health and safety of employees, contractors, visitors, and surrounding community is an integral part of their business's strategies, processes, and performance measures.
- 2) That the Government of Saskatchewan engage in a public education program to communicate expectations around behaviour in the workplace focused on inclusion, tolerance, mutual respect, and dignity for all members of society.

3) That the Saskatchewan Chamber of Commerce continue working to raise awareness around the issue of harassment in the workplace and the employer's responsibilities regarding it.



## **SUBJECT: Essential Skills Training for Employment Readiness and Retention**

### **SUBMITTED BY: Youth, Education, and Training Committee**

#### **BACKGROUND**

Through extensive research, the Government of Canada and other national and international agencies have identified and validated key essential skills for the workplace. These skills are used in nearly every job at different levels of complexity. They provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace change. These essential skills include: reading, writing, document use, numeracy, thinking (includes problem-solving, decision-making, critical thinking, job task planning and organizing, significant use of memory, and finding information), oral communication, working with others, continuous learning, and computer use.

The Conference Board of Canada has conducted a variety of case studies of small, medium and large companies that have invested in essential skills training for their employees. Benefits for employees noted in these studies included: increased initiative and innovation, increased independence and decision making capabilities, increased ability to adapt to change, increase in transferrable skills and work opportunities, and increased opportunities for promotion. Benefits for employers included: increased productivity, improved safety, improved employee retention, and reduced absenteeism. Within education, some benefits of workplace essential skills training have included an increased ability for educators to connect curricula to careers, work opportunities, and work environments; these connections bridge the gap between education and employment.

The Workplace Essential Skills Saskatchewan (WESS) initiative supports business and industry to train low-skilled job seekers and existing low-skilled employees in the workplace to gain the workplace essential skills needed for long-term employment and/or advancement. WESS provides funding to employer, industry and training institution partnerships for the development and delivery of essential skills training that is tailored to their workplace. Service Canada allocates funding (at the federal level) for training programs seeking to enhance transferrable, or soft skills development in youth entering the workforce.

For at least 10 years, a variety of training institutions have delivered essential skills training in Saskatchewan through various streams of funding. Current programming formats include classroom, online, and workplace based training. Within the tourism sector, Tourism Saskatchewan/STEC's Ready to Work program provides a combination of essential skills and occupational skills training to up to 300 participants a year, with close to 80% of graduates finding long term employment in tourism occupations. In

sectors with high job vacancy and a higher rate of employee turnover, results such as these show that the investment in essential skills training can translate to higher skill, labour market participation, and retention rates within the Saskatchewan labour force.

### **ISSUE**

Canada-wide, there is concern about a “skills crisis” as well as a rising concern about transitioning youth from an educational environment to the job market. While Saskatchewan employers are challenged with a labour shortage, the unemployment rate in the province remains at 4.5%. The current workforce available in Saskatchewan needs more advanced skills training to allow them to match the demands of the provincial job market.

The Manley report to the Canadian Council of Chief Executives (2013), suggests that it is not only low skilled job seekers who require essential or “soft skills” training to increase participation and retention in the workforce. Almost 70% of Canadian companies surveyed by the Canadian Council of Chief Executives (2013) identified skill shortages as a moderate to large issue. Although workers with technical skills in a variety of areas were identified as most difficult to hire and retain, companies identified soft skills as being the qualities most important when evaluating potential new hires. The top five qualities identified by business--often termed “soft” or essential skills--were, in order of importance: people skills, communication skills, problem solving skills, analytical abilities, and leadership skills. Sixth on that list was industry specific knowledge and experience.

Saskatchewan employers are facing changing times. The experienced workers are coming up to retirement, and there are not enough skilled workers to replace them. Technology is continuing to change rapidly, and there is increasing global competition. Employers need employees who can adapt to change and quickly learn new skills and effectively use the changing technology. Employers and employees need to invest in the development of skills to meet these current and future challenges.

There are skills shortages in a variety of fields across the country, most notably, technical, IT, and skilled trades. However, a common denominator for all fields is that employers are seeking new recruits with a strong complement of “soft skills”, such as the ability to communicate, think critically, and work in teams. It is safe to say that government and education systems, as well as the business community, could play a role in preparing youth for a successful transition to the Saskatchewan workforce.

### **RECOMMENDED**

That the Government of Saskatchewan:

- 1) Elevate the priority of essential skills and advanced skills training within the government and mobilize the whole education system for action, including efforts to enhance adult learning opportunities.

- 2) Ensure that the importance of essential skills and advanced skills training is clearly communicated to and acted upon within all relevant government ministries.
- 3) Ensure that the importance of essential skills training is clearly communicated to the public with an emphasis on secondary and post-secondary learners.
- 4) Extend the WESS initiative to provide essential skills training to all participants of secondary and post-secondary programming in Saskatchewan.
- 5) Promote the use of existing, industry developed workplace essential skills curricula with the intent of increasing a skilled Saskatchewan labour force which meets current labour market requirements.

## **SUBJECT: Supporting Expansion of Saskatchewan Industry Education Councils**

**SUBMITTED BY: Youth, Education, and Training Committee**

### **BACKGROUND**

The Saskatoon Industry Education Council (SIEC) is a non-profit organization working with three school divisions (Saskatoon Public, Greater Saskatoon Catholic and Prairie Spirit), the Saskatoon Tribal Council, community based organizations, government agencies, business associations, and employers to provide career development and exploration opportunities for youth. A Board of Directors representing business, education and organizations governs the SIEC. Its vision is to create a community of shared responsibility, preparing youth for quality careers. The role of SIEC is to be “a career information conduit between students and employers.” The SIEC currently runs over 31 events and programs developed for youth in Grades 7–12. In 2013, an industry education council was formed in Regina, with that group undertaking similar initiatives in Regina and area.

Through research conducted in 2010, SIEC identified three programs that were viewed by most school divisions as highly desirable additions to the career development process. These included: an online career exploration tool connecting youth to potential careers and jobs in all industries across the province; experiential learning opportunities that give students an opportunity to see first-hand what careers and educational opportunities may be available to them; and a summer youth internship program that provides students with employment during the summer months, and a chance to experience work in the construction, manufacturing, automotive and tourism sectors.

With participating employers and employees, SIEC’s objective for such program development has been to benefit students through access to real-world, real-time information about careers in their region of Saskatchewan and to benefit employers through the development of a current and future workforce.

In 2011 the SIEC began seeking government support for the provincial expansion of programs. Much work has been done to gather support from school divisions, business development organizations, and employers. In 2014, the SIEC is taking the lead on developing [www.saskcareers.ca](http://www.saskcareers.ca), the province’s online career development website.

### **ISSUE**

SIEC’s research in 2011 indicated serious labour shortages as an issue affecting many Saskatchewan businesses. In survey results from economic groups, First Nations, and businesses, 92% of respondents indicated there is a need for improved information for high school students about careers available in each region and 97% of respondents

had heard employers in their area talking about both short and long term shortages of labour.

The SCC is equally aware that development organizations, education systems, government, and private and public sector business have a significant interest in labour force development. Two major accomplishments can be achieved by supporting provincial expansion of the IEC's: career opportunities will be communicated to students (local, regional, and provincial), and employers will be able to access the workforce they require.

The strategy that evolves from this will include all key stakeholders, including; the school divisions, employers and, business and development organizations. Provincial and regional industry education councils could organize and carry out these objectives through initiatives such as, but not limited to: [www.saskcareers.ca](http://www.saskcareers.ca), Spotlight on Careers and the Summer Youth Internship Program.

### **RECOMMENDED**

- 1) That the Government of Saskatchewan expand IEC programming from a regional to a provincial level by supporting expansion of industry education council service delivery to all regions throughout the province.
- 2) That the programming be offered on a provincial basis divided up into six regions, that there be regional Advisory Boards who guide the process in each region, and that each region have two staff persons to carry out the functions of program management and provide direct program support services while building the level of support from the school system, the employer community and the development groups in their region.
- 3) That the program be co-ordinated and led on a provincial basis by a Board of Directors selected from the regional Advisory Boards, and managed by a staff that focuses on building the provincial network, providing selected services to all provincial participants and providing support services to each of the six regions.
- 4) That the funding for the provincial program be provided by the following government agencies: Ministry of Education, Ministry of Advanced Education, Ministry of the Economy, Western Diversification, and supplemented through investment of private and public sector employers.
- 5) That the Government of Saskatchewan support regional IEC's continued delivery and participation in programming such as: [www.saskcareers.ca](http://www.saskcareers.ca), provincial and regionally developed programs and events, in collaboration with schools divisions and Tribal Councils programs and offerings.
- 6) That the Government of Saskatchewan expand the number of services available to employers and encourage the involvement of employers from many sectors in IEC

initiatives such as: [www.saskcareers.ca](http://www.saskcareers.ca), industry and education partnerships, localized programming and events, and Summer Youth Internship Program.

## **SUBJECT: Youth Financial Literacy**

## **SUBMITTED BY: Youth, Education and Training Committee**

### **BACKGROUND**

As the Saskatchewan economy continues to grow and more people feel that they are financially able to purchase new cars and houses, as well as make investments into the stock market or conduct other transactions, some people are better equipped to deal with this changing financial landscape than others.

In Saskatchewan and all other jurisdictions throughout the country, an increasing number of Canadians are facing rising levels of mortgage debt, credit card debt, student loans, and are faced with a variety of other financial hurdles such as saving for retirement and personal budgeting. These are challenges which Canadians have not been adequately educated to deal with.

### **ISSUE**

There has never been a provincial consensus on financial literacy education that was lead by Saskatchewan's provincial government. Young people need to be educated about the basics of debt, investing, credit, budgeting and other matters of personal finance.

Financial literacy is having the knowledge to understand personal and broader financial matters, skills to apply that knowledge and understanding to everyday life, and the confidence to use the skills and knowledge to make responsible financial decisions that are appropriate to the individual's situation.

### **RECOMMENDED**

- 1) That Saskatchewan's Ministry of Education create and introduce a required course or course content into the secondary school curriculum that focuses on educating young people about the basics of personal finance, such as debt, credit, cash management, loans, and investing.
- 2) That Saskatchewan's Ministry of Education ensure that the teacher(s) responsible for presenting this course are adequately trained to present the new course material. A distance education course should also be created to provide the content in a quality manner to students in communities where teacher staffing levels may not allow for a teacher to focus the necessary amount of time towards becoming familiar with the course material.
- 3) That Saskatchewan's Ministry of Education, after an initial 2 year phasing-in period, make it a mandatory condition of graduating high school that a student must complete

this personal finance course in the 3 years prior to graduation. The course could either be completed through distance education or in a classroom setting.

4) That the Saskatchewan Chamber create a Financial Literacy Task Force focused on bringing together individuals with the expertise to provide leadership toward the identification of appropriate providers of financial literacy information and then promote a solution throughout the membership as well as to the broader public.



# POLICY POSITION

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MAY 2015

## **Enhancing the Immigration System**

### **Background**

The province's booming economy has created a strong demand for labour which has in many cases exceeded the supply of available workers and created labour shortages. As a result, businesses across the province are struggling to find qualified people. Also, the growing provincial economy, coupled with rising retirement rates and a lower birth rate, means this problem will continue to be exacerbated in the future.

International immigration will have to play a major role in solving Saskatchewan's labour shortage. For 2015-2016, 5,500 immigrants are projected to arrive in the province through the Saskatchewan Immigrant Nominee Program (SINP) and this number needs to continue to grow.

The immigration system in Canada is currently plagued by a patchwork of regulations at the federal and provincial levels and these systems have proven to be difficult, time consuming, and expensive for employers to navigate.

### **Issue**

The Government of Canada plays a vital role in the immigration process, but because of its pan-Canadian approach, the federal government typically overlooks the specific immigration needs of smaller provinces like Saskatchewan.

The abundance of employment opportunities in the province has made Saskatchewan a more attractive destination for people that might have otherwise settled in another jurisdiction. Additionally, the Government of Saskatchewan has become increasingly competent at doing immigration processing and settlement, so there are now resources within the provincial government that can be better used to simplify the system for both employers and potential immigrants.

### **Saskatchewan Chamber of Commerce Recommendations**

1) That the Government of Canada increase the national range of potential immigration to 300,000 people per year in order to accommodate growth. (The current level for 2015 is between 260,000 and 285,000 people per year.)

- 2) That the Government of Canada increase the existing cap on the Saskatchewan Immigrant Nominee Program (SINP) from 5,500 per year to 6,000 people per year.
- 3) That the Government of Canada ensure that Service Canada adhere to a clearly defined service standard when processing Labour Market Impact Assessments related to applications made through the Temporary Foreign Worker Program.
- 4) That the Government of Canada transfer administrative responsibility for settlement and integration programs to Saskatchewan. This would result in more effective programming and potential lower costs to the Government of Canada.
- 5) That the Government of Canada significantly reduce the in-Canada processing times for spousal sponsorships to further the goal of family unification without impeding the ability of foreign spouses in Saskatchewan from working.
- 6) That the Government of Saskatchewan revise the category allocations within the Saskatchewan Immigrant Nominee Program to better meet demand. The International Skilled Workers–Occupations in Demand category reached its 500 application quota in one day in 2015. The Entrepreneur category has traditionally been over-subscribed compared to its application quota. After being closed from 2013 until March, 2015 the high demand for the Entrepreneur category is not expected to alleviate.
- 7) That the Government of Canada exempt employers with fewer than 10 employees nationally from the \$1,000 Labour Market Impact Assessment processing fee and the \$230 Employer Compliance fee for LMIA-Exempt Workers or provide a reduction to these fees.
- 8) That the Government of Saskatchewan exempt persons who find or attempt to find employment in Saskatchewan for a foreign national, without directly receiving a fee or compensation, from the licensing provisions of *The Foreign Worker Recruitment and Immigration Services Act*. Putting good people together for the benefit of Saskatchewan businesses is a benefit to the province.
- 9) That the Government of Saskatchewan and the federal government work together to ensure that provincial nominees for permanent residence benefit the province of Saskatchewan long-term and particularly after obtaining their permanent residency.

# Policy Position

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May 2015

## **Government Support for Advanced Skills Training**

### **Background**

High quality, affordable, accessible, and flexible advanced skills training and post-secondary education are essential to achieving Saskatchewan's economic and social objectives in the 21<sup>st</sup> century.

According to the Canadian Council on Learning, over 70% of newly created jobs will require some form of post-secondary education, and over 90% of newly created jobs will require a high school education. Education also drives productivity gains and is essential for increasing labour participation rates, which can play an integral role in alleviating the increased demand for labour in the future.

Based on current trends, the demand for workers will outpace supply in this province, undermining Saskatchewan's productivity and competitiveness. Immigration alone will not fill this gap, so the province needs to strengthen its local labour pool.

### **Issue**

While Saskatchewan employers are challenged with a labour shortage, the unemployment rate in the province remains below 5%. The current workforce available in Saskatchewan needs more advanced skills training to allow them to match the demands of the province's job market.

There is a significant unmet need for job-related education and training in Saskatchewan. The post-secondary education sector continues to be largely designed to respond to the needs of traditional, younger learners. The lifelong learning requirements of many adults are not being adequately addressed.

### **Saskatchewan Chamber of Commerce Recommendations**

- 1) That the Government of Saskatchewan and Government of Canada elevate the priority of essential skills and advanced skills training within the government and mobilize the whole post-secondary education system for action, including efforts to enhance adult learning opportunities.
- 2) That the Government of Saskatchewan ensure that the importance of essential skills and advanced skills training continues to be clearly communicated and acted upon within all relevant government Ministries.

- 3) That the Government of Saskatchewan ensure that the importance of essential skills and advanced skills training continues to be clearly communicated to the public with a particular emphasis on adult learners.
- 4) That the Government of Canada and Government of Saskatchewan continue to support employer-driven training programs like the Canada Job Grant.

# POLICY POSITION

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MAY 2015

## **Improving Workplace Safety**

### **Background**

All Saskatchewan residents have a right to healthy and safe work environments, free from harassment.

To establish such an environment, the Government of Saskatchewan has, through the Occupational Health and Safety (OHS) Act and regulations, required all employers to take action in order to:

- Provide a safe and healthy workplace.
- Establish Occupational Health Committees or representatives and consult and cooperate with them in resolving health and safety concerns.
- Provide required safe work procedures.
- Ensure equipment is provided and maintained.
- Ensure workers are trained.
- Ensure supervisors are competent.
- Prevent harassment from occurring.
- Stop harassment when it does occur.
- Develop and implement a written harassment policy that meets OHS requirements.

### **Issue**

Despite these requirements instituted through the Ministry of Labour Relations and Workplace Safety, Saskatchewan has still struggled with its goal of creating healthy and safe workplaces. In 2014, Saskatchewan experienced a time loss injury claim rate of 2.41% and a total injury rate of 6.99%. While both of these percentages have been declining in recent years, Saskatchewan's labour force is still being negatively impacted by injured employees not being able to work.

### **Saskatchewan Chamber of Commerce Recommendations**

- 1) That the Saskatchewan Chamber of Commerce support member businesses in making sure that the health and safety of employees, contractors, visitors, and surrounding community is an integral part of their business's strategies, processes, and performance measures.
- 2) That the Government of Saskatchewan engage in a public education program to communicate expectations around behaviour in the workplace focused on inclusion, tolerance, mutual respect, and dignity for all members of society.

3) That the Saskatchewan Chamber of Commerce continue working to raise awareness around the issue of harassment in the workplace and the employer's responsibilities regarding it.

# POLICY POSITION

APRIL 2015

## Controlling Provincial Government Operational Spending

### Background

In the 1980s and early 1990s, the Government of Saskatchewan consistently ran budget deficits and spending growth was greater than nominal GDP growth. This led to a rapid increase in government debt. From 1994 to 2006, growth in spending was reduced to a rate below that of both operational revenues and nominal GDP, and the government achieved a modest reduction in the level of general public debt. Thereafter, the Saskatchewan economy surged with strong GDP and population growth. The rate of government spending growth has since remained below the rates of revenue growth and of nominal GDP growth, and the debt load has been substantially reduced.

Table 1 presents annual growth rates for nominal GDP, population, government spending, government revenues, and resource revenues, over three distinct periods of growth in Saskatchewan, 1981-1994, 1994-2006, and 2006-2013, as well as over the entire period. GRF Government Public Debt is also presented at specified years.

Table 1: Annual growth rates for key Saskatchewan indicators and Saskatchewan GRF debt

Period	Nominal GDP	Real GDP	Population	Government Operational Spending	Government Operational Revenues	Total Resource Revenues	SK CPI	GRF Gov't General Public Debt (given year), in \$M
<b>1981-2013</b>	5.50%	2.23%	0.39%	4.83%	4.97%	3.70%	2.96%	176 (1981)
<b>1981-1994</b>	4.20%	1.90%	0.26%	5.55%	5.22%	-4.17%	4.23%	8,278 (1994)
<b>1994-2006</b>	5.17%	1.91%	-0.13%	3.77%	4.43%	10.82%	1.96%	7,245 (2006)
<b>2006-2013</b>	8.66%	3.14%	1.56%	4.75%	4.82%	5.57%	2.04%	3,805 (2013)

Notes: GDP data is for calendar years, government data is for fiscal years with a March 31 year end, population data is for July 1 of the year. Data for the 2014 calendar year is not yet available.

Data sources: Saskatchewan Public Accounts, and Statistics Canada CANSIM database (population - Table 051-0001, nominal and real GDP – Table 384-0038, CPI - Table 326-0021).

### Issue

Growth in government expenditures is driven by many factors including inflation, population growth, and capital and infrastructure investment, while government revenues are driven by general economic conditions, as well as by volatile non-renewable resource royalties. In general,

expenditures should experience smooth growth to address the basic needs of citizens, and should not fluctuate wildly as revenues do.

Based on these considerations it is accepted that government should run surpluses in good economic times, and run deficits in bad times. The province currently holds debt as the result of weak revenues and higher spending, and this debt should be closely monitored and reduced during good economic times to free up resources for investment in the future and create savings for bad times.

With disciplined spending, there will be years of surplus and excess revenues. These should continue to be directed to debt retirement to meet long-term goals. Without disciplined spending these monies could easily be directed towards wasteful endeavors.

### **Saskatchewan Chamber of Commerce Recommendation**

1) That the Government of Saskatchewan separate its operational expenditures from its capital expenditures and limit operational spending increases in periods of “normal” economic growth to the rate of inflation plus the growth rate of the population, currently around 3.5%.

Even during strong periods of growth as in recent years, growth in operational spending should not exceed growth in operational revenues, currently around 4.8%, in order to maintain surpluses and debt reduction. Spending should be constrained in order to pay down public debt during stable and good times, and so that Saskatchewan residents will not be adversely affected with any possible downturn in the economy in the future.

Given that Saskatchewan requires significant investment into building and maintaining infrastructure in order to encourage greater economic growth, the capital expenditures of the government can increase at a rate greater than the operational spending increases, providing that the government continues to justify specific capital expenditures as strategic investments to facilitate growth.



## **SUBJECT: Implementation of Tax Plan Recommendations**

### **SUBMITTED BY: Finance Committee**

#### **BACKGROUND**

In 2010 the Saskatchewan Chamber of Commerce, the Institute of Chartered Accountants of Saskatchewan, the Certified Management Accountants of Saskatchewan, the Certified General Accountants of Saskatchewan, and the Association of Saskatchewan REALTORS® contracted the Canada West Foundation to undertake writing a comprehensive tax report to evaluate the competitiveness of Saskatchewan's taxation system. The result, "A Tax Framework for Saskatchewan's Continuing Prosperity," was the most comprehensive external review of Saskatchewan's tax system undertaken since 1965.

After extensive research, the original recommendations accepted by the funding partners to improve Saskatchewan's tax environment were:

#### **#1: Reducing Education Property Tax (Residential and Non-residential)**

Fulfilling a commitment previously made by government, the Framework recommended transferring a portion of education funding away from the property tax to other provincial tax sources. The Framework called for this to be implemented in 2011-12 and projected it would reduce revenue by \$55 million.

#### **#2: Restructuring and Simplifying Education Property Tax (Non-residential)**

The Framework recommendations capping the differential in the effective rate of education property tax for non-residential properties at 1.43 of residential properties. This would equalize the effective rate of tax on residential and non-residential properties as businesses can deduct property taxes. Additionally, the Framework recommended simplifying the system by eliminating the three-tiered rate structure for non-residential properties. The Framework recommended phasing in this recommendation from 2011 to 2014 and estimated it would reduce provincial revenue by \$135 million.

#### **#3: Simplifying Municipal and Education Property Tax (Residential and Non-residential)**

This recommendation would reduce the assessment cycle used to calculate property value from 4 years to 2 years. To further simplify administration, under this reform tax tools, such as the inclusion rates, mill rates, mill rate factors, tiered mill rates, base tax, and minimum tax, would be eliminated. An effective rate of tax would then be calculated for each classification of property. The Framework estimates that instituting this reform would result in a expenditure of \$1 million.

#### **#4: Personal Income Tax**

The Framework advocates for the province to reform personal income tax by moving from the current three rate structure of 11%, 13%, and 15% to a dual rate structure of 9% and 12%. This change to the personal income tax system would

be phased in through a five step- five year process. Over the course of its implementation, this proposal would cost \$525 million in reduced revenue.

**#5: Municipal Property Tax (Non-residential properties in Regina and Saskatoon)**

The Framework recommends capping differentials in the effective rate of tax for non-residential properties at 1.43 of residential properties in the cities of Regina and Saskatoon. This reform should be implemented over a long time period (starting immediately) so that incremental growth can cover the cost of the shift without unduly impacting municipal revenues or residential property taxpayers.

**#6: Financial Corporate Capital Tax**




This reform recommends eliminating the corporate capital tax on financial institutions. Currently, the financial corporate capital tax is applied inequitably to the financial sector. The corporate capital tax is charged to large financial institutions, such as banks but not smaller ones, like credit union.






**#7: Taxation of Business Investment - Corporate Income Tax**

This reform recommended reducing the corporate income tax rate to 9% and small business rate to 3% to in order to improve the competitiveness of Saskatchewan businesses. Reducing the general corporate income tax rate to 9% would provide the businesses of Saskatchewan with a similar “net tax” relief offered to businesses in provinces that have embraced an HST, without shifting an additional consumption tax onto residents. The full implementation of the original recommendation was projected to occur in 2017/18 and would have reduced provincial revenue by \$232 million.

**ISSUE**

Since the introduction of the recommendations in “A Tax Framework for Saskatchewan’s Continuing Prosperity,” progress has been made. However, numerous recommendations are still outstanding.

	<b>Progress</b>	<b>Additional Information</b>
<b>Education Property Tax Reduction</b>		This recommendation has been fully implemented
<b>Education Property Tax Reform</b>	 	The Government of Saskatchewan has not changed the education portion of property tax rates.  The three tiers for commercial properties that were used when calculating the education portion of property tax have been eliminated.

<b>Municipal and Education Property Tax Simplification</b>		<p>In September 2013 the Government of Saskatchewan concluded its consultations on the Review of Municipal Property Tax Tools. The results from this review are not yet available.</p>
<b>Personal Income Tax Reform</b>		<p>No progress has been made on this recommendation.</p>
<b>Municipal Property Tax Reform</b>		<p>In October 2013 the Saskatoon City Council voted not to reduce the municipal business property tax ratio from 1.75 to 1.43 over the next 11 years, as was being considered. The council has indicated it will be deferred the shift to the next reassessment period, coming in 2017. Regina has not yet publically evaluated this recommendation.</p>
<b>Corporate Income Tax Reform</b>		<p>The province has lowered the small business tax from 4.5% to 2%. This change reduced provincial revenue by an estimated \$80 million per year. Further, in October 2012 the government committed to lowering the corporate income tax rate from 12% to 10% over three years. This reduction was delayed in the 2013/14 budget but the Saskatchewan Chamber will continue to push for its implementation.</p>
<b>Financial Corporate Capital Tax</b>		<p>This would be the last reform implemented in the framework's timetable, and is scheduled for 2019/20. Due to the implementation timeline, very little discussions or activities regarding this reform have occurred to date.</p>

**RECOMMENDED**

- 1) That the Government of Saskatchewan implement the outstanding recommendations, which have been supported by the funding partners, from "A Tax Framework for Saskatchewan's Continuing Prosperity," as quickly as economic conditions allow.
  
- 2) That the Saskatchewan Chamber of Commerce and project funding partners continue to advocate for the Government of Saskatchewan to implement the Framework's recommendations.

## **SUBJECT: Property Assessment Reform**

### **SUBMITTED BY: Association of Saskatchewan REALTORS®**

#### **BACKGROUND/ISSUE**

Saskatchewan's property tax assessment system is costly, slow and inconsistent. It distorts investment choices, misallocates costs and penalizes the development of real property, which is the most widely-held form of capital. This system requires significant changes.

Property is taxed upon its value as determined by a complex set of assessment rules. Using value as the basis for tax creates various fundamental problems:

- Inconsistency: Homes, farms and businesses are all assessed differently, making the system incoherent.
- Expense: The assessment system is extremely expensive. Plus, the high cost does not result in higher quality since the product is outdated as soon as it is produced, forcing the tax system to lag growth.
- Counter-productive: A tax on value is a tax on capital, which is one of the least desirable ways to raise public funds.

In principle there is no reason to tax property relative to its value. The factors that drive value (location, improvements, productivity, revenue) have little or no bearing on the services a property uses and property value has little or no relationship to the owner's ability to pay or their consumption of services. Among the many challenges presented by the current system are the following:

- Business taxation: Businesses pay more per dollar of assessed value than homes or farms. Over-taxation is a strong disincentive against investment and conveys a negative message that business assets in Saskatchewan are a captive reserve to be tapped into, rather than a key engine for growth.
- Farm property: Farmland assessment is out of step with all other kinds of assessment, since it is based on productive value, not market value. This concept is quite dated as a result of changes in farming practices, developments in how farmland is owned and used, and the growth of farms as large businesses.
- Transparency: A fundamental principle of taxation in democracies is that methods of taxation should be easily understood by those who must pay. The present system is very complicated and often incomprehensible in any practical sense.
- Currency: Saskatchewan's significant ongoing economic growth means that four and even two-year assessment cycles will lag economic reality. The cost of trying to remain current is significant because the system is too cumbersome to move more quickly.
- Disincentive: Taxing property on its value penalizes upgrades. With today's shortage of rental housing, upgrading existing property is important in order to help maintain or improve the quality of existing stock.

**RECOMMENDED**

1) That the Government of Saskatchewan immediately commission an independent review of how property tax contributes to public revenues. The review should be comprehensive – from the nature of the tax base (value-based or other options), to exploring new methods that could integrate how property types are taxed, to establishing a system that is economical, comprehensible, competitive, and capable of staying aligned with economic growth.

## **SUBJECT: Environmental Code**

## **SUBMITTED BY: Environment Committee**

### **BACKGROUND**

Saskatchewan's model for environmental management has been primarily based on a legislative framework with approval requirements, prohibitions and prescriptive regulations. A better model exists, based on existing methodology for creating standards (i.e., the National Building Code), guidance on environmental management similar to ISO 14001, and legislative regimes like the Income Tax Act. Core to this model are consistent universal standards, self-management, self-assessment and reporting, improved information for environmental management and compliance, supported through an approach of continual improvement and discerning enforcement.

In 2008, the Ministry of Environment initiated consultations on a "Results-Based-Regulatory" model and evaluated new regulatory models. In 2009 it tabled, and later passed, but has yet to proclaim, new/revised bills for environmental management. The revised legislation awaits the approval of the "Environmental Code" to support its implementation.

During 2009-2012, efforts focussed upon the development of the first sets of the Environmental Code for use under the new legislation. Through a multi-stakeholder process, the Ministry has prepared the first version of a new Environmental Code containing clear and concise legal requirements that will govern the management and protection of the environment in Saskatchewan. The code allows proponents to propose their own solutions thus encouraging innovation and continuous improvements. Most importantly, it would allow a much more efficient process for the approval of activities that have environmental aspects.

### **ISSUE**

Work is expected to continue on the further development of needed additional chapters of the Code. As this approach is implemented, it will provide enhanced environmental management and regulation, and achieve increased protection of the environment at lower costs to the government, the regulated community and the provincial economy. It was originally anticipated that the Code and the related changed legislation would be proclaimed in 2012. Regrettably, however, the implementation has been delayed, and remains not done.

The new results-based approach to legislation using the Code is a shift from prescribing how to do something, to setting out the results that must be achieved and leaving room for proposing alternative methods of achieving them. This allows flexibility for innovation, and for regular improvements that keep up with changing technology and environmental priorities

The core requirements and outcomes mandated in the Code will provide incentives for system owners and operators to improve their environmental management. Further, the development of the first edition of the Code has resulted from the involvement and contributions of over 200 experts from inside and outside the province. Many letters have been sent from stakeholders to the provincial government, requesting that the Code be implemented. The Chamber has continuously supported the development and implementation of the Code.

It is important that we not lose the benefits of the Code that has been developed. If there remain disputes about some portions of the Code, then those portions should be returned to the Code Development Committee for resolution in the future, while the remainder of the developed Code should be put in place now.

**RECOMMENDED**

- 1) That the Government of Saskatchewan proceed as quickly as possible to enact the developed Saskatchewan Environmental Code that has been agreed upon.
- 2) That the Government of Saskatchewan continue in the further development of needed additional chapters of the Code, and refer any developed Code that has not been agreed upon to the Code Development Committee for resolution in the future.
- 3) That Saskatchewan Chamber of Commerce members strive to adopt the Code in their own businesses.

## **SUBJECT: Flood Plain Zoning and Enforcement**

### **SUBMITTED BY: Environment Committee**

#### **BACKGROUND**

There have been extreme flood events in recent years in Saskatchewan resulting in loss and damage to personal and commercial properties. The Saskatchewan Chamber has sincere empathy for the many people and businesses affected by the extensive flooding. The Chamber strongly recommends a proactive approach to addressing future potential flood impacts.

Impacts from flooding include physical damage to personal and public property and unfortunately to the safety and well-being of Saskatchewan residents including health impacts from moulds and mental health issues from the severe stresses associated with personal losses. These impacts come at a significant cost to the businesses, residents and governments. The costs include emergency measures undertaken by government, insurance claim costs, and government disaster aid and reconstruction costs. Additionally, they include increased or denied insurance costs, and the forfeit of destroyed capital investment.

#### **ISSUE**

*The Planning and Development Act, 2007* was established with directions for communities and municipalities to ensure that appropriate planning is undertaken to protect the natural environment and to protect developments from the eventual damage that can be anticipated and predicted from flooding in certain areas.

The Chamber recommends that the provincial government and every municipality actively enforce the regulatory and legislative supports already in place to avoid development on lands that are susceptible to flood damage. Lands near water bodies are primary environmental assets and must be protected for their own sake. Controlling development in these locations will have the further benefit of reducing the cost of helping families and businesses ravaged by flood events.

As noted on the Saskatchewan Ministry of Environment's website, "Floods are one of nature's most destructive forces. Managing development to effectively minimize flood risk to life, property and infrastructure is a major objective of land use planning."

The Act requires new official community plans to contain policies to address the management of lands subject to natural hazards, including flooding, slumping and slope instability. Zoning bylaws allow municipalities to limit development on potential hazardous lands to minimize risks from flood damage and protect the environmental integrity of the flood plain. *The Statement of Provincial Interest Regulations (SPIR)* require that municipalities set aside lands within the 1:500 year flood (F500) plain, and



that developments be built to a base at least 0.5 meters above that level. SPIR requires Municipalities' planning documents and decisions to meet these requirements since 2012.

From the Act:

32(2) An official community plan *must* contain statements of policy with respect to:  
(d) the management of lands that are subject to natural hazards, including flooding...

52(3) A zoning bylaw *may* contain provisions:  
(h) regulating or prohibiting development:  
(i) on land that is subject to flooding...

185(1) An approving authority *may* ... require the owner of land that is the subject of a proposed subdivision to provide part of that land as environmental reserve ... if the land consists of:...

- (c) land that is subject to flooding...; or
- (d) land that ... is required for the purpose of:
  - (iii) the protection of the land to be subdivided against flooding.

Two of the critical sections of the Act referenced above indicate that the provisions are optional ("may contain", or "may require"). The Chamber suggests that the Ministry consider strengthening the supporting language to make all of these provisions non-optional, consistent with SPIR. For example article 53(3) should indicate that zoning bylaws must contain the indicated provisions.

Municipalities must avoid issuing development permits on land that is flood prone. For future developments, Provincial legislation provides the much needed support to work with municipalities and land developers to ensure that land use planning supports provincial development initiatives, without establishing activity within sensitive terrain that will ultimately result in costly damage to infrastructure. However, for existing legacy developments, municipalities and the provincial government will need to correct the situation over future years.

Other suggestions to reduce the impact to provincial taxpayers include:

1. Mandatory Flood Disclosure
  - a. When properties have experienced over-land flooding as a result of the natural course of runoff or rain water within the F500 flood-plain, it should be listed on the land title that the property is within a natural flood plain.
  - b. Upon the sale of a property impacted by natural flooding, full disclosure to potential purchasers should be mandatory.
2. Limit provincial government financial assistance to single occurrences and only to properties developed in compliance with the Act.

- I. Financial assistance from the province should not be available to naturally flooded properties during subsequent flood events.

An example of why these enforcements are important is the case of Roche Percee, SK. The village was destroyed by the 2011 flood. The Provincial Disaster Assistance Program paid affected residents for their homes (to a maximum of \$249,000). Some of these individuals rebuilt their homes in the same location in 2012. During the 2013 flood, these individuals claimed under the Emergency Flood Damage Reduction Program for flood prevention structures.

Restricting developments within known flood prone areas, limiting financial assistance that encourages the presence of flood-plain developments, and mandatory disclosures on land titles will encourage future developments to move to more sustainable locations.

### **RECOMMENDED**

- 1) That Saskatchewan municipalities be asked to confirm the restriction of development per SPIR within the F500 flood-plains, in areas such as drainage-ways, lakes, rivers and streams. This includes SPIR reflection into official community plans, district plans, and zoning and subdivision by-laws. This needs to be strongly enforced, resisting any pressures especially in drier years when such land may seem suitable for development.
- 2) That Saskatchewan municipalities be asked to confirm the requirement for F500 flood-plain delineation and flood-proofing requirements for planning documents and development proposal documents for approvals of new development within and adjacent to the F500 flood-plains, per the Provincial Planning Handbook for the SPIR.
- 3) That the Government of Saskatchewan stand fast on the SPIR restrictions against development within the F500 flood-plains in approving municipal planning documents, and require notice thereof on titles.
- 4) That no government disaster assistance funds be available to those that develop within the F500 flood-plains.
- 5) That provincial government rules require that the cost of insurance for development within the F500 flood-plains be borne wholly by those purchasing such insurance.
- 6) That the Government of Saskatchewan and Saskatchewan municipalities work together to develop a long term (perhaps 25 year) program to flood-proof and/or relocate existing developments out of the F500 flood-plains.

## **SUBJECT: Improving Saskatchewan's Water Knowledge Base**

### **SUBMITTED BY: Environment Committee**

#### **BACKGROUND**

Saskatchewan continues to grow. Industrial and population growth increase the demand for water. Some of the industrial developments being considered, such as mines and new agriculture development, can have a significant impact on the water supply system. Water to meet growth needs can be supplied by surface bodies (rivers, lakes) and by water below the surface (groundwater). Whenever a jurisdiction (be it a community or the provincial government) is considering an expansion to its residential or industrial base, it has to first know how it will meet the water demands of these expansions in order to properly site and service them sustainably. At the core of knowing how to sustainably meet water demands is knowledge of the water resource – quantity (including recharge rates), quality, and location.

Canada and the three Prairie Provinces worked cooperatively to complete the Saskatchewan-Nelson Basin Study (SNBS), published in 1972. This study investigated the development and investment opportunities for water development in the basin that encompasses most of the southern to mid-prairie watersheds and provided recommendations to decision-makers on projects and approaches to water resource development in the basin. While the Prairie Provinces Water Board has been in place during the intervening 37 years, some opportunities from the SNBS have yet to be acted upon. The SNBS was completed in a time when engineering and environmental approaches were quite different from current practices and is in need of updating to provide guidance on the issues of concern today, not to mention that climate change impacts were not being considered at the time.

#### **ISSUE**

The Government of Saskatchewan has now published the 25 Year Saskatchewan Water Security (SWS) Plan. Among the key goals outlined in the SWS Plan is the need to ensure that water supplies are understood and sustainably used and allocated to meet the needs of a growing economy, through an eight-year “Water Availability Study,” that is a major study initiated in 2009 to help determine the availability of surface and ground water to support provincial growth. It will provide critical information on water supply, demand and use. Although the study as a whole will be fully complete by 2016, portions of the study will be complete before that date and information will be integrated into decision making as soon as it becomes available.

There is a pressing need to complete the thorough evaluation of the availability and quality of water resources (including surface and ground water) in key consumption areas, in less than eight years and well before 2016. This is a prerequisite to ensure that the development(s) to be undertaken will be sustainable. It is also needed to ensure

that it is understood how current and future activities will continue in the face of changing water supply and changing use policy by Saskatchewan's upstream neighbour. The Saskatchewan Water Security Agency (SWSA) prepares Source Water Protection Plans (SWPPs) for a number of Saskatchewan's river and groundwater basins. However, while the SWPPs contain many recommendations, they do not assess water availability and quality against uses. Further, the entire Saskatchewan River basin is not yet addressed.

The SWS plan states a goal to "complete a strategic review of major monitoring programs, including surface water, groundwater and water quality by 2015." This is too slow, and needs the additional use of water quality and quantity management planning software to properly evaluate the quality and quantity impacts of accumulated and proposed developments under various water availability scenarios and baseline conditions. This must be done so that proposals can be evaluated in a timely matter while still managing a sustainable water system.

Absent the necessary evaluation, one could expect difficulty in authorization and implementation of development, which will rely in part on the sustainable use of the water resource in Saskatchewan. Further, any delay in completing this sustainability assessment could lead to a future situation(s) of a crisis of supply and/or quality. Prior to designing the facilities that will use water, one also needs to know the limitations upon supply, quality and disposal capabilities. There could potentially be significant economic problems if Saskatchewan invests in infrastructure and industry expansion, and afterward discovers a water supply or quality crisis.

Unfortunately, Saskatchewan's understanding of its water resources is not sufficient for its sustainable administration. The SWSA, a provincial Treasury Board Crown corporation, is mandated to lead the management of the Saskatchewan's water resources but does not appear to be sufficiently well funded to acquire the knowledge it needs to deliver on this mandate. This is further aggravated by the poorly understood impacts of climate change which will affect supplies of surface and ground water. Those charged with the responsibility for protecting the environment, and with meeting the short and long-term water needs of the population at the provincial and community level, are forced to make decisions without the information they need to make such decisions in a timely and adequate manner. This also compromises the ability to make decisions that strike the best balance between the needs of the residents, industrial growth opportunities, the impacts on the environment, and the sustainability of the water system.

### **RECOMMENDED**

1) That the Government of Saskatchewan ensure that the Saskatchewan Water Security Agency (SWSA) completes its "Water Availability Study" as soon as possible, and well before the current 2016 deadline, in order to provide a thorough evaluation of the present and longer-term projections of future availability, quantity, quality, and location of existing surface and subsurface water resources of key consumption areas in Saskatchewan. It must ensure that development(s) to be undertaken will be

sustainable, and provide the information to understand how current and future activities will continue in the face of changing water supply and changing use policy by Saskatchewan's upstream neighbour. Priority in the work should be given to the Saskatchewan River basin, and it must include allowances for the potential impacts of climate change.

2) That the Government of Saskatchewan direct and adequately fund SWSA to acquire and use the appropriate tools such as water management planning software needed to properly evaluate the impact of proposed developments under various water availability scenarios and baseline conditions so that proposals can be evaluated and proponents informed in a timely manner about the potential impacts of their development on a sustainable water system.

3) That the Government of Saskatchewan direct and adequately fund SWSA to complete its monitoring review before 2015, plus continuously monitor and report the quantity and quality status of Saskatchewan's surface and subsurface water resources as a constant renewal of the baseline information and an ongoing verification of the predictions made by water management software.

4) That the Government of Saskatchewan work with the Government of Canada and neighbouring provincial governments to update the Saskatchewan-Nelson Basin Study so that it can be better used to make key decisions on water management and investment policies.

5) That if approved, this policy will supersede the previous position of the Saskatchewan Chamber of Commerce in the adopted "Improving Saskatchewan's Water Knowledge Base" policy from 2010.

## **SUBJECT: Provincial Management of PFRA Lands**

### **SUBMITTED BY: Environment Committee**

#### **BACKGROUND**

The Government of Canada is transitioning responsibility for Agri-Environmental Services Branch/Prairie Farm Rehabilitation Administration (AESB/PFRA) lands to provincial governments. Saskatchewan is home to more than 60 AESB/PFRA pastures. In response to the federal government's decision, the Government of Saskatchewan has indicated that it is their intention to sell these lands to private interests.

To support a full discussion of the issues related to the handling of the AESB lands, a preliminary issue letter was developed and shared with the SCC's Environment Committee and circulated to representatives of 35 various agencies and interest groups. Feedback on the letter was received from professional agrologists, biologists, birders, wildlife specialists, NGOs, environmental consultants, land agents, and various public and private sector representatives. The consensus of the feedback is summarized below:

- AESB/PFRA should be commended for the excellent management of these grasslands in the past.
- A common trait among these pastures has been the great environmental stewardship of the pasture managers, which has allowed them to be ecologically and economically sustainable.
- It is recognized that the Saskatchewan Ministry of Agriculture has limited ability to effectively manage the pastures due to resource restrictions.
- Recognize the incalculable loss to the wildlife and people of Saskatchewan if these lands are privatized (e.g., hunters, birders, naturalists, outdoor enthusiasts, photographers, artists, and hikers).
- While we may not fully understand the contribution to water filtration, pest control, carbon storage, species diversity, and heritage preservation that these lands represent, they do provide such an ecological services value.
- In private hands there would not be a common grassland management plan to maintain the habitat. Continued fragmentation of this habitat would likely take place. Subdividing, selling smaller blocks, additional access roads, breaking and cropping, etc., would increase habitat degradation and fragmentation.
- Many ranchers have benefitted from access to these lands for decades. These pastures have created opportunities for smaller scale ranchers to begin and grow their operations prior to being able to afford the capital investment for sufficient grazing lands.
- There is a shortage of pastures for grazing in Saskatchewan due to the cultivation of farmland.
- A unique opportunity exists to develop and maintain a chain of grasslands across the region.

- There is only 13% of the native grasslands remaining. This is already considered to be the most disturbed biosphere on the planet. Saskatchewan cannot afford to put more native grasslands at risk.
- Many species of plants and wildlife have been preserved and protected. These areas represent a unique concentrations of endangered and at risk species of flora and fauna.
- The Government of Saskatchewan has an important opportunity to find a sustainable way to maintain a disappearing resource, support grazing operations for the ranching community, and protect critical habitat for future generations.
- Protecting these grasslands does not preclude resource development, but would require prudent permitting and monitoring processes, as already mandated by AESB/PFRA.

If these lands are sold without easements in place to restrict development, new owners could decide to break the lands for cropping or other forage. The native grassland that remains in Saskatchewan is rare. This ecosystem cannot be replaced and once the native prairie is gone, it is gone forever. There could be no second guessing or changing direction once such a decision was made. Moreover, new owners could discourage the current multi-purpose use of the lands (e.g., grazing, tourism, hunting and fishing, oil and gas development), which currently contributes to the provincial economy.

To retain the current economic and ecological value from these lands, the Government of Saskatchewan should retain ownership of the AESB lands, at least for those that include native areas. This could include changing the status to a “working rangeland reserve area,” and/or the establishment of a not-for-profit agency to manage the lands on a cost-recovery basis. In this way, the initial purposes for establishing the AESB/PFRA lands can be maintained, with no structural changes to the current management practices.

A single agency responsible to oversee land management on behalf of the Crown’s interests would ensure that the lands, managers and users of the lands would receive the attention and interest they need for effective use and management. Also, the potential to increase the scope of such an agency may provide other opportunities for Crown land management. It would need to be recognized that adding such an agency would add overhead costs to the pasture operations, and likely result in increased costs to users of the lands.

If the lands or portions thereof were to be sold, there should be provisions to preserve the ecological habitat values at least for those lands with native grasslands. This could be done by ensuring that any lands that are to be sold are sold with easements attached. This would put a legal mechanism in place to protect the grasslands. In this way, the lands would continue to be recognized for their native habitat value. If developments were to take place that damaged the grassland, no amount of penalty would restore it. Although the value received by the Government of Saskatchewan for the sale of the lands could diminish with such restrictions, such an easement or similar

encumbrance is the only mechanism available to control the future development of the lands after a sale.

The Government of Saskatchewan currently has the authority to place easements on AESB/PFRA land prior to it being sold, but the easements will be used on a case-by-case basis, so it will remain the responsibility of the government to ensure that these environmentally sensitive parcels receive appropriate protection from development.

### **ISSUE**

The Saskatchewan Chamber of Commerce is interested in supporting commercial development in the province while ensuring that development takes place in a sustainable manner, with consideration toward maintaining economic, social and ecological sustainability. A significant risk associated with the potential privatization of AESB/PFRA lands is the potential loss of critical habitat, valuable recreation areas, and the potential removal of valuable pasture land for use by small and medium-sized ranchers in Saskatchewan.

### **RECOMMENDED**

- 1) That the Government of Saskatchewan retain ownership of the AESB/PFRA lands, particularly those that include native grassland areas, and establish a not-for-profit agency to continue to manage the lands for multiple uses and habitat preservation, on a cost-recovery basis.
  
- 2) That the Government of Saskatchewan ensure any AESB/PFRA lands that are sold have the appropriate easements in place to ensure the maintenance of the native grasslands.



## **Subject: Saskatchewan's Water Management Strategy**

### **Submitted By: Environment Committee**

#### **BACKGROUND**

Saskatchewan has enjoyed the benefits of water from lakes, rivers, and wells to support communities and enterprises throughout the province. Other than periodic spurts of investment, water management has until recently received very little sustained attention from the Government of Saskatchewan, either in the form of a framework policy, or in direct investment. The level of capital investment in water in Saskatchewan has in the recent past been the lowest among the Prairie provinces. The Government of Saskatchewan has published a Saskatchewan Water Conservation Plan and various Source Water Protection Plans (SWPPs). The Saskatchewan Watershed Authority (SWA) is now preparing a comprehensive Provincial Water Management Strategy for this essential resource. Initial consultations on the Strategy were undertaken in 2011.

Saskatchewan has responsibility for water under two arms-length crown corporations – SaskWater and SWA – as well as specific responsibilities under various Ministries. SaskWater is a self-supporting commercial Crown corporation providing water, wastewater and related services to municipalities, industry, and rural water associations in Saskatchewan. SWA, on the other hand, is a Treasury Board Crown Corporation with the mandate to “protect, manage, and enhance the province’s water and watershed resources for the environmental, economic, and social benefit of citizens.” It has legislative responsibilities for the Watershed Authority Act, Conservation and Development Act, Water Power Act, and Watershed Associations Act. Most of the legislation is old, and in need of a significant re-build.

#### **ISSUE**

Water management is rapidly changing. The principal drivers of that change are:

- 1) Rapid industrial growth and development of thirsty cities in Alberta, particularly in the arid southern part of that province. The South Saskatchewan River in Alberta is already allocated to 125% of its sustainable yield and the major urban centres in the basin continue to grow and increase their water demand at a record pace.
- 2) The impacts of a warming climate. There is irrefutable evidence that the flow in prairie rivers continues on a downward trend that is traceable for at least a century, even though the 20<sup>th</sup> century was the wettest in a millennium. Even without the impacts of a changing climate, one may not expect a repeat of the wet-cycle precipitation patterns experienced in the past 100 years. In fact, climatologists predict that Saskatchewan will be among the areas most impacted by warming, resulting in more frequent severe storms and more frequent and

prolonged droughts. Precipitation and runoff patterns will change and will require changed management strategies to adapt to them.

3) The needs of increasingly stressed ecosystems. Changing flows in rivers will affect the aquatic ecosystems of the valleys and lakes. The ability to sustain current ecosystems in an era of increasing community and industrial demand will be an ever-increasing challenge.

Some of the critical key strategies as outlined in the 2009–2010 Saskatchewan Watershed Authority Plan are:

a) To work co-operatively with western provinces and territories to ensure effective water management by collaborating with the Western Water Stewardship Council partners on joint initiatives relating to water efficiency, drought preparedness and water governance and reassessing, in collaboration with Prairie Provinces Water Board [PPWB] members, surface water quality objectives for PPWB border sites.

b) To develop policy, legislation and integrative policy processes to provide effective water management services by initiating, with public consultation, a comprehensive Water Management Plan for Saskatchewan, beginning a review and revision of provincial water legislation, completing a Compliance and Enforcement Policy to support effective water management and program delivery, and developing a Water Allocation Policy that will ensure future allocations of a limited resource are made in the public interest.

A sustainable supply of clean water is critical to the well being of communities, aquatic ecosystems, and the economy of Saskatchewan. The strategic nature of water means that it warrants attention to management and stewardship of the resource, far beyond the meagre attention and resources it has received over the past decades. Saskatchewan's neighbouring provinces are well advanced with new policies, legislation, regulations and engagement of stakeholders to address water-related issues. Saskatchewan is beginning to tackle the issues. Until this effort is completed, we will be ill equipped to present an informed and forceful defense of provincial interests and to set a course for water development in the future decades. The comprehensive Provincial Water Management Plan and the required legislation renewal cannot come too soon.

Although significant water-related challenges remain to be met, in recent years, the Government of Saskatchewan has made significant progress in the proper separation of the regulatory functions for water management from the providers of water resource functions and related services. Unfortunately, it has been reported that a regression to a combined regulatory and service-provider super-agency for water in the provincial government, may be under consideration. Such a combination of regulatory authority and proponent functions would be inappropriate. This requirement for water management and control, separated from the role of operator and provider of water

services, was also enunciated in the example of potable water by Hon. Justice Laing through the North Battleford Water Enquiry.

There could and perhaps should be some larger utility or service provider agency or agencies created to address such water-related items as provision of water supply, water and wastewater treatment, irrigation and/or drainage. Such an entity might encompass the Sask Water Corp., Enterprise Saskatchewan, and/or others. This Crown company could be tasked with undertaking water-related projects that cannot be or are not undertaken by non-government commercial enterprises.

However, the regulatory functions governing the provider(s) and the resource must stay separate. The most appropriate location for the regulation of water is through the Ministry of Environment, as water is an integral large and critical component of the environment. This means that the regulatory functions of SWA must remain with the Ministry and be integrated with its other water management duties. Furthermore, the latter is consistent with the development of “results-based regulation” (RBR), and the one-window approach to regulation, whereas combining water regulation with service provision in an agency separate from the Ministry is not, and may abrogate valuable work done in advancing RBR.

A proper separate regulatory system, and an effective but separate utility-style provider(s) of services, will ensure the appropriate and robust development of Saskatchewan’s water resources. A fuller integration of water management responsibilities within the Ministry of Environment would be a useful way to provide an operational, one-window approach for businesses in the province, and creates synergies that should exist within the same ministry. This approach would provide a more streamlined process for industry and provide for more effective environmental protection than a segregated Authority.

SWA disbanded its Stakeholder Advisory Committee in favour of receiving stakeholder input through the multiple Watershed Advisory Councils on an individual watershed basis. It should also continue to receive input to its decision making through a broader “Water Council,” an arms-length multi-stakeholder organization that would provide independent advice to government on matters related to water more broadly than for individual watersheds.

Currently, an appeal is only available from a decision of SWA with respect to drainage works and is only available after an informal and then a formal complaint process are completed with SWA, which can take in excess of 24 months. A more direct and broad appeal process to the Water Appeal Board from a decision of SWA is also needed to ensure that there is a reasonable check on SWA’s authority. The Water Appeal Board requires expert members including hydrologists and hydro-geologists in order to be effective.

## **RECOMMENDED**

- 1) That the Government of Saskatchewan complete the development of, and expedite implementation of the comprehensive Provincial Water Management Strategy.
- 2) That the Government of Saskatchewan consolidate the regulatory management of water through SWA or another “Water Boss” authority under the direct control of the Ministry of Environment.
- 3) That the Government of Saskatchewan consider creating some larger utility or service provider agency or agencies, separate from the regulator, to address such water-related items as provision of water supply, water and wastewater treatment, irrigation and/or drainage, etc.
- 4) That the Government of Saskatchewan update its water legislation to better address water use and facilitate management of the quality and quantity of the resource.
- 5) That the SWA or its regulatory successor establish a multi-stakeholder “Water Council,” an arms-length multi-stakeholder organization that would provide independent advice to government on all policy and program matters related to water management and development, more broadly than for individual watersheds, and to assist with setting strategies.
- 6) That a more direct and broad appeal to the Water Appeal Board from a decision of SWA or its regulatory successor be established to ensure that there is a reasonable check on SWA's authority, and that the Water Appeal Board retain expert members including hydrologists and hydro-geologists.
- 7) That if approved, this policy will supersede the preceding position of the Saskatchewan Chamber of Commerce on Water Management Strategy from 2010.