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FOR IMMEDIATE RELEASE

Province's Bill 64 Strips Hometowns of Revenues and Rights

The Saskatchewan Urban Municipalities Association (SUMA) voiced its objections again today against Bill 64, An Act to amend The Power Corporation Act and The SaskEnergy Act.

“Bill 64 strips 109 hometowns of payments in lieu they are legally entitled to, and gives the provincial government the power to redirect these royalties to the general revenue fund,” said SUMA Vice-President of Cities, Bob Maloney. “Even worse, the bill strips hometowns of their legal right to defend those agreements before the courts or be compensated for their loss.”

Responding to comments last week from Government Relations Minister Donna Harpauer, SUMA Vice-President of Towns Rodger Hayward said “She asks if it’s reasonable for two orders of government to spend money to fight it out in court. We ask if it’s reasonable to pass legislation that denies local governments the ability to defend legal agreements — or be compensated for this loss of revenue.”

These agreements covered capital investments and they included a guarantee that the municipality would forever get royalties on future sales of power.

“With a single bill, the provincial government is essentially ripping up contracts between 109 hometowns and SaskPower, stripping us of royalties they are legally entitled to — in perpetuity — and denying their legal right to defend themselves before a court of law,” said Hayward. “That clears the path for the province to take these royalties without any plan to replace them. SUMA promotes, protects, and defends the interests of our members, but thanks to Bill 64, we’ve lost the chance to do that through legal action.”

SUMA maintains that residents and businesses will not only continue to pay for the sequestered royalties as part of their power bills, but many of them will be asked to pay a second time through property tax and fee increases deemed necessary to fill the loss at the local level.

When the provincial government says it’s unfair that only some communities receive these payments in lieu, it’s clear that they are forgetting their history. There are only 109 hometowns receiving these payments in lieu because they were the only ones who had invested in these utilities and sold them to SaskPower.

SaskPower was created in the 1940s to expand electrification to all areas of Saskatchewan, and they bought out these existing municipal power utilities to create a provincial grid. These purchase agreements covered capital investments and regional distribution rights, and they included a guarantee that SaskPower and any subsidiaries would pay royalties in perpetuity on future sales of power.

Basically, because municipalities were giving up their own power company, the new company promised to pay them a little bit of the product they were going to sell. And these royalties were to be paid forever.

“It's not unfair that 109 hometowns received these payments; it's unfair that the provincial government used the budget to take these revenues away from SUMA members to cover the provincial deficit.” said SUMA Vice-President of Villages, Resort Villages, and Northern Municipalities Mike Strachan. “This budget has directly stripped \$33 million in funding to hometowns, and made cuts to all kinds of provincial programs, downloading their responsibilities onto hometowns with the expectation that we will somehow pick up the slack.”

The towns of Gravelbourg and Gull Lake are just two who have been hit hard by the loss of these payments in lieu.

“In Gravelbourg, we're paying for all kinds of infrastructure from sewer systems to sidewalks,” Gravelbourg Mayor Dan Lamarre said. “Losing nearly \$33,000 each and every year is a significant hit to our community and it means delaying projects, hiking taxes, or eliminating services.”

“Gull Lake has already spent \$107,000 in this year on the clean up after a local hotel burned down, and we're going to have to pay an estimated \$130,000 by the end of 2017 to convert our town landfill to a transfer station,” Gull Lake Mayor Blake Campbell said. “Those costs alone could eat up all of our unallocated reserves. When the provincial government destroys our contract with SaskEnergy for payments in lieu, we'll be losing \$26,000 every year. That loss is big, especially when you consider that we have to spread it across just 1,000 people.”

Vice-President Hayward said that Saskatchewan hometowns are rightfully concerned about the precedent Bill 64 sets. “If this is what we are losing in 2017, what other agreements might end up null and void in 2018, or 2019? The provincial government made cuts in this budget that they don't fully understand. Instead of taking the time to do meaningful consultation with hometowns before they drafted a budget, they are trying to revise history and change the rules with Bill 64.”

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For more information visit www.suma.org, or to arrange an interview please contact:

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Founded in 1905, SUMA is the voice of urban Saskatchewan, representing cities, towns, and villages.