

Performance Audit of Farm Land Security Board: Regulating Foreign Ownership of Saskatchewan Farmland

Why It Matters

Saskatchewan farmland values have steadily increased in the past several years. For example, farmland values rose by about 15% in 2023 representing the highest increase in Canada. Effective ownership regulation of provincial farmland helps to preserve farming ownership and operations by Saskatchewan and Canadian residents, and helps to keep farmland prices affordable.

Why We Did This Audit

The Farm Land Security Board is responsible for administering *The Saskatchewan Farm Security Act* and regulating the control of Saskatchewan farmland, including approving (exempting) non-Canadian entities to control more farmland than the legislated limit (i.e., 10 acres).

The Board's processes to regulate foreign ownership of Saskatchewan farmland by non-Canadian entities need to be effective to uphold the province's agricultural economy.

Key Facts and Figures

- Average value per acre of cultivated land in Saskatchewan was more than \$3,400 in 2023.
- About 40,000 farmland transactions occur each year in Saskatchewan. Each land title change results in a transaction (e.g., remove persons off title, arms-length farmland purchase).
- Saskatchewan's land titles legislation allows for farmland transactions to occur regardless of residency status resulting in the Board and its staff reviewing farmland transactions after they occur for compliance with the Act.
- Staff reviewed farmland transactions about five months after the transaction occurred.
- In some instances, the Board did not inform foreign entities to sell land or request an exemption until months after it identified non-compliance.

What We Found

Since 2020, the Farm Land Security Board issued five orders to sell farmland inappropriately purchased by foreign entities, but there may be more instances of farmland purchased by foreign entities and not addressed by the Board.

We found the Board did not request statutory ownership declarations for 50% of farmland purchases we tested made by corporations not registered in Saskatchewan (i.e., considered higher risk farmland purchasers).

We also found the Board does not have escalation procedures for staff to take further action (e.g., fines, penalties). Escalation procedures could be used when requested statutory declarations are not received. We identified eight such instances of the Board not receiving requested statutory ownership declarations.

We Made 10 Recommendations

The Farm Land Security Board needs to:

- Request and obtain ownership declarations from higher risk farmland purchasers (e.g., corporations registered in jurisdictions outside of Saskatchewan)
- Work with the Ministry of Agriculture to determine how to effectively regulate and enforce non-Canadian farmland leases
- Determine how quickly staff need to assess farmland transactions to support swift identification of non-compliance
- Communicate the requirement to sell farmland timely for identified non-compliance and set escalation procedures for continued non-compliance
- Set performance indicators to allow for effective assessment and public reporting on its regulatory and enforcement activities