

Residential  
Tenancies Branch

**Annual Report  
2007**



**MINISTER OF  
FINANCE**

Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

His Honour the Honourable John Harvard, P.C., O.M.  
Lieutenant Governor of Manitoba  
Room 235, Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

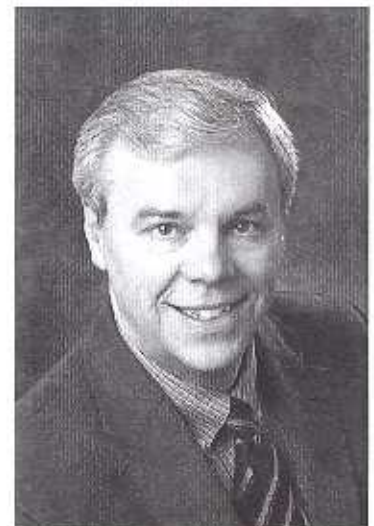
May It Please Your Honour:

I have the privilege of presenting for the information of your Honour, the Annual Report of the Residential Tenancies Branch on the administration of *The Residential Tenancies Act* for the year ending December 31, 2007.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Greg Selinger".

Honourable Greg Selinger  
Minister of Finance





**Finance**

Residential Tenancies Branch

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Honourable Greg Selinger  
Minister of Finance  
Room 103, Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

Dear Sir:

I have the honour of submitting the Residential Tenancies Branch Annual Report on the administration of *The Residential Tenancies Act* for the year ending December 31, 2007.

Respectfully submitted,

Laura Gowerluk  
Director  
Residential Tenancies Branch

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## INTRODUCTION

The Residential Tenancies Branch administers *The Residential Tenancies Act*, *The Life Leases Act* and *The Condominium Act*. The Branch operates three regional offices – Winnipeg, Brandon and Thompson.

The Residential Tenancies Branch:

- provides information to landlords, tenants and others on *The Residential Tenancies Act*, *The Life Leases Act* and *The Condominium Act*;
- investigates complaints of non-compliance with the legislation;
- mediates disputes between landlords and tenants;
- makes decisions on disputes between landlords and tenants about:
  - security deposits
  - repairs
  - terms and conditions of a tenancy agreement or life lease
  - the right to continue in occupancy
  - claims for compensation
  - privacy
  - non-payment of utilities
  - life lease entrance fees
- makes decisions on landlords' applications for rent increases above the guideline and tenants' objections to any rent increases
- reviews life lease rent increases (upon tenants' request).

*The Residential Tenancies Act* requires the Director of Residential Tenancies to submit a report on the administration of the *Act* to the Minister within six months of the end of each fiscal year. The reporting period for this report is the 2007 calendar year. Statistics for the 2006 calendar year are also provided, for purposes of comparison.

## **PARTS 1 – 8 OF *THE RESIDENTIAL TENANCIES ACT***

Parts 1 - 8 of *The Residential Tenancies Act* deal with all residential landlord and tenant matters, except rent regulation. Table 1 provides a statistical summary of the case activity of the Residential Tenancies Branch under Parts 1 – 8 of the legislation. The Branch opened 4,806 cases in the 2007 calendar year. An additional 760 active cases were carried over from the 2006 calendar year. A total of 5,212 cases were closed during 2007, leaving 354 cases active at year end.

As a component of its recently completed reengineering project, the Branch increased its emphasis on informal dispute resolution. When a client comes to or calls the Branch for assistance in resolving a dispute, they first speak with a Client Services Officer (CSO). After listening to the client's concerns, the CSO provides the necessary information and, if appropriate, offers to contact the other party to help resolve the dispute. Many disputes are now settled in this way, without a case file being opened. This approach reduces the Branch's case count, but provides clients with improved service. In 2007, 5,487 matters were resolved this way. (See Table 2 – *Intakes Resolved*)

In 2007, the Branch received 1,898 applications for orders of possession from landlords. An order of possession is a written order the Branch issues to enforce a notice of termination. The Branch always schedules a hearing to consider an application for an order of possession. The Branch has performance targets for closing order of possession cases. The target for issuing these decisions is within three working days of the hearing. In 2007, the Branch met its target in most cases. The Branch issued 878 decisions on applications for an order of possession. In 637 cases, the Branch granted the landlord an order of possession. In 51 other cases, the Branch identified a condition that the tenant had to meet to remain in tenancy. If the tenant failed to meet the condition, the order of possession was granted. For example: A conditional order of possession might require a tenant to pay a specific amount by a specified date, otherwise they must move out. The Branch denied 111 applications for an order of possession. In 79 cases, the tenant moved before the date of the hearing, but the landlord asked the Branch to determine the claim for compensation included in the

application (Table 4). The Branch resolved 635 of these applications through mediation. The remaining applications were withdrawn or settled by the parties before the hearing.

In 2007, landlords and tenants filed 1,173 claims for compensation with the Branch. Landlords' claims against tenants most often relate to outstanding rent, the cost of repairing damage and extraordinary costs to clean units after tenants move out. Tenants' claims usually deal with damage to personal belongings and compensation for loss of use of part of a rental unit. The performance target for issuing compensation claim decisions is within ten working days of the hearing date. During 2007, the Branch's average time for issuing these decisions was 16 days.

In total, in 2007, the Branch held 1,668 hearings to resolve disputes between landlords and tenants on claims for compensation, orders of possession and to determine questions under *The Residential Tenancies Act*.

The Branch is dedicated to fulfilling its mandate to assist landlords and tenants in resolving disputes while preserving their ongoing relationships with one another. While many disputes are resolved by informal mediation, a total of 2,733 were resolved by written, mediated agreements. If an agreement is not fulfilled the Branch issues a certified order based on the agreement. Of the mediated agreements issued by the Branch, 82% did not require any further involvement and are presumed to have been honoured by the parties.

In 2007, the Branch resolved 781 repair cases and 112 cases relating to landlords' non-payment of utilities. If there is a dispute over a notice to terminate a tenancy, either a landlord or tenant can ask the Branch for assistance. In 2007, the Branch resolved 52 of these cases. The Branch also dealt with other cases where a landlord or a tenant did not meet their obligations under *The Residential Tenancies Act*. These cases include disputes over locks and doors, privacy, seizure of tenant's property, non-payment of rent, disturbance, withholding of services, unauthorized charges or fees, tenancy agreements, assignment and subletting, mobile home rentals, abandonment of personal property and entitlement to collect rent. In 2007, the Branch formally opened 130 and closed 132 of these cases.

**TABLE 1 – Cases Opened and Closed**  
**Parts 1 - 8 of *The Residential Tenancies Act***

Case Types	Cases Opened January 1/06 – December 31/06	Cases Opened January 1/07 – December 31/07	Cases Closed January 1/06 – December 31/06	Cases Closed January 1/07 – December 31/07	Appeals to Commission
<b>Abandoned Personal Property</b>	<b>15</b>	<b>14</b>	<b>18</b>	<b>12</b>	<b>0</b>
<b>Disputes</b>					
• <b>Determination</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
• <b>Tenancy Agreement</b>	<b>10</b>	<b>7</b>	<b>13</b>	<b>7</b>	<b>0</b>
• <b>Landlord Obligation</b>	<b>18</b>	<b>13</b>	<b>20</b>	<b>17</b>	<b>0</b>
• <b>Tenant Obligation</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>0</b>
• <b>Mutual Obligation</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>0</b>
• <b>Assignment &amp; Sublet</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>
• <b>Notice of Termination</b>	<b>39</b>	<b>51</b>	<b>36</b>	<b>52</b>	<b>0</b>
• <b>Other</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>0</b>
<b>Distrain &amp; Lockout</b>	<b>12</b>	<b>32</b>	<b>11</b>	<b>30</b>	<b>2</b>
<b>Hearing Applications</b>					
• <b>Claim</b>	<b>1,331</b>	<b>1,173</b>	<b>1,595</b>	<b>1,397</b>	<b>181</b>
• <b>Order of Possession</b>	<b>1,812</b>	<b>1,898</b>	<b>1,854</b>	<b>1,955</b>	<b>126</b>
• <b>Determination</b>	<b>21</b>	<b>58</b>	<b>24</b>	<b>57</b>	<b>8</b>
<b>Repairs</b>	<b>793</b>	<b>766</b>	<b>761</b>	<b>781</b>	<b>18</b>
<b>Security Deposit or Less</b>	<b>621<sup>1</sup></b>	<b>537</b>	<b>732<sup>1</sup></b>	<b>648</b>	<b>50</b>
<b>Utilities</b>	<b>137</b>	<b>111</b>	<b>140</b>	<b>112</b>	<b>4</b>
<b>Enforcement</b>	<b>142</b>	<b>133</b>	<b>141</b>	<b>130</b>	<b>0</b>
<b>TOTALS</b>	<b>4,964</b>	<b>4,806</b>	<b>5,360</b>	<b>5,212</b>	<b>389</b>

1. This number is changed from the 2006 report as the branch's case management system now allows for more specific information relating to security deposit cases. The number previously included cases that started as tenant-initiated security deposit or less, but resulted in landlords filing claims for more than the deposit. The number now shows only those cases where the claim was limited to the amount of the security deposit or less.

**TABLE 2 – Dispute Resolution Activities**  
**Parts 1 – 8 *The Residential Tenancies Act***

Activity	Cases Opened January 1/06 – December 31/06	Cases Opened January 1/07 – December 31/07	Cases Closed January 1/06– December 31/06	Cases Closed January 1/07– December 31/07
<b>Intakes Resolved<sub>1</sub></b>	5,243	5,487	5,243	5,487
<b>Mediated Agreements</b>	2,220	2,733	2,220	2,733
<b>Mediated Agreements - Defaulted</b>	441	488	444	490
<b>Substitutional Service<sub>2</sub></b>	380	383	383	383
<b>Hearings<sub>3</sub></b>	3,164	3,129	1,603	1,668

1. A client’s request for assistance that does not result in a formal case file being opened. Most are resolved informally at the first stage of contact.
2. Occasionally when a landlord or a tenant files a claim or application for an order of possession, they are unable to serve the other person with the notice of the hearing by personal service or registered mail. When this happens, they can apply to the Branch for permission to serve the document in some other way (e.g. regular mail, notice in a newspaper).
3. For Hearings, the cases opened column shows the number of hearings scheduled; the cases closed column shows the number of hearings conducted. Many hearing applications are resolved by the Branch by mediation or withdrawn by the applicant before the date of the hearing.

## **PART 9 OF *THE RESIDENTIAL TENANCIES ACT***

Part 9 of *The Residential Tenancies Act* deals with the regulation of rents for residential premises. Each year the government sets an annual rent increase guideline. The guideline for 2007 was 2.5%. To increase rent above the guideline, a landlord must apply to the Residential Tenancies Branch. In 2007, the Branch received 217 applications to increase rent above the guideline affecting 12,001 units (Table 3). During the 2007 calendar year, the Branch made decisions regarding applications for 294 buildings affecting 15,743 units.

During 2007, the branch redesigned its business processes for handling rent regulation cases. As part of this redesign, a new case management system was implemented. The design and testing of the new system resulted in delays in the processing of rent increase cases. In recognition of this, the branch temporarily reset the standards for completing work on applications for rent increase above the guideline. The interim target was to issue a decision within six months of the date the branch received the application. During the reporting period, approximately one-half of the cases were closed within six months.

Tenants can object to any rent increase, whether at, above or below the guideline. In 2007, the Branch received objections to rent increases at or below the guideline from tenants of 182 units and reviewed the objections on 132 units.

In the calendar year 2007, the Branch opened compliance cases affecting 1,290 units. Compliance cases usually involve situations where a landlord increases rent: by more than the annual rent increase guideline without applying to the Branch; without giving tenants the required notice; or, more than once in a 12 month period. The Branch completed its review of 1,459 compliance cases by year-end.

Under *The Residential Tenancies Act*, a landlord who plans to rehabilitate a residential complex may apply to the Branch for an exemption from rent regulation. If the Branch approves a rehabilitation scheme, it can exempt a complex from rent regulation for up to five years. The Branch issues final orders setting the exemption period once the landlord has completed the work required for the rehabilitation scheme. In 2007, the Branch received applications for 15 buildings affecting 454 units. The Branch completed 25 rehabilitation applications affecting 1,067 units before year-end. This included some open cases carried forward from 2006.

On November 1, 2007, the Branch introduced a new program that allows landlords to apply for approval of a rehabilitation scheme for a single unit. The program applies to units that have been voluntarily vacated by the previous tenant. To qualify for approval, the rehabilitation must make major improvements that substantially increase the quality of the unit. If the Branch approves a rehabilitation scheme, it can exempt the unit from rent regulation for up to two years. The Branch issues a final order setting the exemption period once the landlord has completed the work. The Branch received 24 of these applications during November and December of 2007.

Before withdrawing or reducing a service, a landlord must apply to the Branch for an order setting the value of the proposed withdrawal or reduction. An example of a withdrawal of service is when the responsibility for paying for cable service switches from the landlord of a building to each tenant. The landlord applies for an order fixing the value of the rent reduction for each tenant. In the 2007 calendar year, the Branch received 15 applications for withdrawal of service affecting 942 units. The Branch completed 14 applications affecting 1,100 units by year-end. This included some open cases carried forward from 2006.

The Branch received 18 applications for laundry charge increase affecting 597 units in the 2007 calendar year. During 2007, the Branch completed 26 of these applications affecting 1,035 units. This included some open cases carried forward from 2006.

A tenant can ask a landlord to provide an item or service that is not usually included in the rent. If a landlord wants to provide the item or service and charge for it, they must apply to the Branch. In 2007, the Branch received 38 of these tenant requested improvement applications, affecting 43 units. The Branch issued orders on 43 applications for tenant requested improvements involving 54 rental units by year-end. This included some open cases carried forward from 2006.

Certain sections of Part 9 of *The Residential Tenancies Act* also apply to life lease complexes. Tenants living in non-profit complexes can ask the Branch to review rent increases proposed by the landlord. During 2007 the Branch received one of these requests and processed two applications that were carried forward from 2006.

**TABLE 3 – CASES OPENED AND CLOSED**  
**Part 9 of *The Residential Tenancies Act***

Case Types	Cases Opened January 1, 2006 – December 31, 2006		Cases Opened January 1, 2007 – December 31, 2007		Cases Closed January 1, 2006 – December 31, 2006		Cases Closed January 1, 2007 – December 31, 2007		Appeals to Commission	
	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units
Application for Laundry Increase	15	636	18	597	11	456	26	1,035	0	0
Application for Rehabilitation – Whole Complex	21	550	15	454	30	712	25	1,067	3	4
Application for Rehabilitation – Specified Unit	N/A*	N/A*	16	24	N/A*	N/A*	0	0	0	0
Application for Rent Increase	334	16,870	217	12,001	307	15,038	294	15,743	77	378
Application for Service Withdrawal	14	539	15	942	21	501	14	1,100	1	7
Application for Tenant Request for Improvements	14	21	38	43	16	36	43	54	0	0
Compliance	467	1,304	461	1,290	480	1,305	582	1,459	8	11
Rent Status Reports	176	4,785	196	4,886	176	4,785	196	4,886	N/A	N/A
Tenant Objection to Guideline Increase or Less	143	159	150	182	165	178	127	132	0	0
<b>TOTALS</b>	<b>1,184<sub>1</sub></b>	<b>24,864<sub>1</sub></b>	<b>1,126</b>	<b>20,419</b>	<b>1,206<sub>1</sub></b>	<b>23,011<sub>1</sub></b>	<b>1,307</b>	<b>25,476</b>	<b>89</b>	<b>400</b>

\* Program started November 1, 2007.

1. The 2006 totals have been updated to reflect the proper amounts.

**TABLE 4**

**ORDERS ISSUED BY TYPE**

	<b><u>January 1, 2006 – December 31, 2006</u></b>	<b><u>January 1, 2007 – December 31, 2007</u></b>
<b>Closing (1)</b>	<b>51</b>	<b>78</b>
<b>Compensation Claim (2)</b>	<b>571</b>	<b>572</b>
<b>Mediated Agreement Default</b>	<b>430</b>	<b>488</b>
<b>Order of Possession</b>		
<b>Granted</b>	<b>459</b>	<b>637</b>
<b>Denied</b>	<b>49</b>	<b>111</b>
<b>Conditional (3)</b>	<b>27</b>	<b>51</b>
<b>Other (4)</b>	<b>69</b>	<b>79</b>
<b>Rent Redirect (5)</b>	<b>301</b>	<b>357</b>
<b>Rent Regulation</b>	<b>14,671</b>	<b>15,981</b>
<b>Repairs</b>	<b>133</b>	<b>157</b>
<b>Security Deposit</b>	<b>543 (6)</b>	<b>279</b>
<b>Utilities</b>	<b>128</b>	<b>125</b>
<b>Other (7)</b>	<b><u>10</u></b>	<b><u>58</u></b>
<b>TOTAL</b>	<b><u>17,442 (6)</u></b>	<b><u>18,738</u></b>

- (1) A Closing order is issued to prevent a landlord from re-renting a vacant unit before completing certain repairs. The landlord was previously ordered to make the repairs by the Branch or other government authority.
- (2) A Compensation Claim Order is issued following a hearing where the Branch hears submissions and evidence regarding a claim filed by a landlord or a tenant.
- (3) A Conditional Order of Possession is one that requires the tenant to meet certain conditions. If they do not comply, the Order of Possession is granted.
- (4) An application for Order of Possession often includes a claim for compensation. If the tenant moves out before the hearing, the landlord withdraws the application for possession, but asks the Branch to determine the claim.
- (5) The Branch orders tenants to pay rent to the Branch to pay for repairs or utility bills and to enforce orders to refund security deposits or rent overpayments.
- (6) This number is changed from the 2006 report as the branch's case management system now allows for more specific information relating to security deposit cases. The number previously included cases that started as tenant-initiated security deposit or less, but resulted in landlords filing claims for more than the deposit. The number now shows only those cases where the claim was limited to the amount of the security deposit or less.
- (7) Other includes orders relating to abandonments, seizure of tenants' belongings and requests for determination.

## INFORMATION/EDUCATION ACTIVITIES

### Telephone Calls/Interviews

The Branch has an Interactive Voice Response System. This service is available for callers to the Winnipeg general information line as well as to people calling on the toll-free number. Callers may choose to:

- speak to a Client Services Officer
- listen to recorded information segments about rent increases, security deposits, landlord and tenant responsibilities and repairs
- have fact sheet information automatically faxed to them
- calculate the interest payable on a security deposit
- listen to recorded information on the Branch's location and hours of business
- add their name to the mailing list for the Branch's newsletter.

In total, in 2007, the Branch handled 50,061 phone calls through its three regional offices. Client Services Officers in the Branch's Brandon and Thompson offices answer calls directly. In Winnipeg, the Interactive Voice Response System (IVR) receives the calls first and distributes them according to the callers' specifications. Statistics show that 19,048 of the total callers received the information they needed without speaking to a Client Services Officer. Phone call statistics do not include calls received by Residential Tenancies Branch Officers on specific cases. In addition to the phone calls for information, approximately 4,677 people came to Branch offices to request information. The Branch's Winnipeg office also responded to 2,180 e-mail inquiries in 2007.

## Speaking Engagements

In 2007, staff of the Residential Tenancies Branch made 40 presentations for 436 tenants and held 16 sessions for 305 landlord participants. The Branch made 15 presentations for student groups involving 295 participants and 13 sessions for 338 service providers including the Winnipeg Police Services, Community Legal Education Association, Dakota Ojibway Child and Family Services, Winnipeg Regional Health Authority, Manitoba Housing Authority, and Employment and Income Assistance.

The Branch also had information booths at the Brandon Regional Health Centre, Northern Aboriginal Community Councils Conference, the Healthy Living Exhibition for Seniors, Manitoba Bar Association's Law Day Open House, the University of Manitoba's Orientation and Training Week, Rotary International Career Symposium, and the Professional Property Managers Association's "Suite Living". Staff had the opportunity to speak with approximately 900 people at these displays.

## Website

The Residential Tenancies Branch's website @ [www.manitoba.ca/rtb](http://www.manitoba.ca/rtb) provides answers to several frequently asked questions. The information is available in English and French. The website had 136,455 visits (logons) from January 1, 2007 to December 31, 2007. The website features the following:

- *Legislation*

The website has links to *The Residential Tenancies Act*, *The Life Leases Act* and *The Condominium Act* and the regulations for each Act.

- *Forms*

Landlords and tenants can download the most commonly used residential tenancy forms. The forms include regulation forms as well as the claim and application for an order of possession forms. In late 2007, the Branch introduced a new feature that allows landlords to complete Notice of Rent Increase and

Notice to New Tenant forms on line and submit them to the Branch electronically. The electronic method saves mailing costs, speeds delivery times and helps the Branch process forms faster.

o *Security Deposits*

The website has an automated security deposit interest calculation feature. A webpage also informs tenants about unclaimed monies. If a landlord owes a security deposit to a tenant whose whereabouts is unknown, the landlord must send the money to the Branch. The Branch also holds rent overpayments that have been recovered on a tenant's behalf. Using the new webpage, if a tenant believes they are entitled to money that the Branch may be holding, they can check online. The tenant can download and print an application for the refund of the money. Tenants who do not use the internet can still get the information by phone or in person.

o *Orders System*

The Orders System provides information on the orders issued by the Branch and the Residential Tenancies Commission, except for rent regulation orders. Clients can access the system by:

- paying an annual subscription fee of \$250.00 and receiving a password; or
- paying a fee to search on-line at Branch offices; there is a \$5.00 charge for each 30 minute search.

Users can search the system by landlord or tenant name or by the address of a residential complex. Searches can also be done based on the type of order (e.g. security deposit, repair) or by topic (e.g. carpets, rent arrears). In 2007, there were 8,741 searches using the on-line Orders System.

- *Policies & Procedures Guidebook*

The Branch has a Policies & Procedures Guidebook, available in both English and French, to assist landlords, tenants and staff. As changes occur to legislation or policy, the guidebook is updated accordingly. The guidebook provides information on those areas not specifically dealt with in *The Residential Tenancies Act*. It also sets out the procedures for how the Branch handles most of the issues landlords and tenants refer to the Branch. The guidebook has 13 sections on topics like: security deposits, rent regulation, mediation, hearings and repairs. The Branch offered copies of the guidebook to various landlord and tenant organizations, all major libraries in the province as well as to local universities and colleges.

### **Branch Newsletter**

In 2007, the Branch produced three issues of its newsletter, "Open Doors." The newsletter provides information on changes to the legislation or Branch procedures and includes articles on topics of interest to landlords and tenants. Anyone interested in receiving the newsletter can add their name to the mailing list by calling the Branch or visiting the Branch's website. The Branch has approximately 1,800 people on its mailing list. Clients can choose to receive the newsletter by mail or e-mail. The newsletter is also available on the website.

### **Rent Status**

Anyone who is considering the purchase of a rental property can apply, with the consent of the rental property owner, to the Residential Tenancies Branch for a rent status report. A rent status report provides information on a property's rent history and can alert people to potential rent increase problems. The application and authorization forms can be downloaded from the Branch's website. In 2007, the Branch completed 196 applications for Rent Status Reports. These applications involved 4,886 rental units.

**TABLE 5**  
**INFORMATION STATISTICS**

	<b><u>January 1, 2006 – December 31, 2006</u></b>	<b><u>January 1, 2007 – December 31, 2007</u></b>
<b>Total Calls for Information <sup>1</sup></b>		
Winnipeg	41,704 <sub>2</sub>	43,096
Brandon	2,474	2,975
Thompson	<u>3,869</u>	<u>3,990</u>
Total	48,047 <sub>2</sub>	50,061
<b>Interviews <sup>3</sup></b>		
Winnipeg	3,439	3,269
Brandon	400	1,405
Thompson	<u>29</u>	<u>3</u>
Total	3,868	4,677
<b>E-mail Requests for Information</b>	N/A <sup>4</sup>	2,180
<b>Website visits</b>	99,941	136,455

1. These figures reflect the number of calls received for information through the Branch general information lines and do not include an additional 40,000 – 50,000 calls made directly to Residential Tenancies Officers.
2. These figures have been adjusted from the previous year's report. The adjustment was necessary after more complete information became available.
3. This statistic represents the number of interviews conducted where the client received information only and a formal case was not opened.
4. Statistics for 2006 are not available as the Branch only began keeping record of this activity in 2007.

**EDUCATION ACTIVITIES**

	<b><u>January 1, 2006 – December 31, 2006</u></b>		<b><u>January 1, 2007 – December 31, 2007</u></b>	
<b>Speaking Engagements for:</b>	<b>Sessions</b>	<b>Attendance</b>	<b>Sessions</b>	<b>Attendance</b>
Tenants	18	225	40	436
Landlords	5	125	16	305
Students	13	181	15	295
Service Providers	14	633	13	338
<b>Total</b>	<b>50</b>	<b>1,164</b>	<b>84</b>	<b>1,374</b>
<b>Educational Displays</b>	4	600	7	900

## SECURITY DEPOSIT COMPENSATION FUND

When a landlord owes a former tenant certain money, but cannot locate the tenant, *The Residential Tenancies Act* requires the landlord to send the money to the Branch. This happens when a landlord:

- Holds all or part of a security deposit and has no claim against the money;
- Has overcharged a tenant rent and must refund the money
- Holds excess proceeds from the authorized sale of a tenant's abandoned personal property

The Branch holds these monies for two years. During that period tenants can ask the Branch for any money owed to them. After two years the Branch transfers any unclaimed money to the Security Deposit Compensation Fund. During 2007, \$27,755.23 was transferred into the fund after the two year period. The purpose of the fund is to return security deposits to tenants who are entitled to the money. Sometimes when the Branch orders a landlord to return a deposit to a tenant, the landlord does not comply with the order. The Branch will usually enforce the order by redirecting rent to recover the outstanding deposit. However, in some cases, redirecting rent is not possible, for example, if the landlord no longer owns rental property or owes money to several creditors. If the Branch does not believe it can recover the deposit within a reasonable period of time, it may pay the tenant from the fund. In 2007, \$1,941.51 was paid to seven tenants.

After the money is paid to a tenant, the Branch continues to try to recover the money from the landlord through rent redirects, garnishing orders and the Canada Customs and Revenue Agency set off program. During this reporting period, the Branch recovered \$1,472.10. Some of the funds recovered may be for security deposits paid out during previous years.

Under Section 36(4) of *The Residential Tenancies Act*, when the balance in the Security Deposit Compensation Fund exceeds \$30,000, the Branch may use the excess funds towards the cost of providing educational programs for landlords, tenants and other clients. In 2007, the Branch spent \$11,308.60 for that purpose. This included the Branch’s newsletter, landlord/tenant information displays and brochures, and the Branch’s share of the 2007 “Protect Yourself” calendar. The balance in the fund at the end of 2007 was \$84,651.44.

**TABLE 6**

**SECURITY DEPOSIT COMPENSATION FUND ACCOUNTING SUMMARY**

Balance as of January 1, 2007	\$68,674.22
Monies transferred into Fund <sup>1</sup>	27,755.23
Less: Monies paid to tenants to satisfy security deposit orders	(1,941.51)
Monies recovered from landlords through enforcement <sup>2</sup>	<u>1,472.10</u>
	<u>95,960.04</u> <sup>3</sup>
Less: Expenditures for educational purposes <sup>4</sup>	(11,308.60)
Balance as of December 31, 2007	\$84,651.44

1. These funds were held by the Branch for two years from the date of receipt and include unclaimed security deposits, rent refunds and property sale proceeds.
2. The Branch recovered this money through rent redirects, garnishing orders and the Canada Revenue Agency’s set-off program.
3. Section 36(4) of *The Residential Tenancies Act* states that when the balance in the Security Deposit Compensation Fund exceeds \$30,000, the excess may be used to contribute towards the cost of providing educational programs for landlords, tenants and the public.
4. Expenditures: newsletter, landlord/tenant information displays and brochures, the Branch’s share of the 2007 “Protect Yourself” calendar.