

**Regulation of Personal Development Service Contracts:
A Discussion Paper of Issues
and Possible Regulations in Saskatchewan**

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Saskatchewan Ministry of Justice
Financial and Consumer Affairs Authority of Saskatchewan
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Introduction – Purpose of discussion paper

[The Consumer Protection Act](#) and [Regulations](#) provide detailed rules for the relationship between consumers and suppliers of certain goods and services. “Consumer contracts” are the contracts between consumers and suppliers. Consumer contracts include personal development service contracts (contracts for health, fitness, dieting, modeling and talent, martial arts, sports and dancing).

[The Consumer Protection and Business Practices Act](#) was passed by the Saskatchewan Legislative Assembly in spring 2013. Part V of the legislation permits regulations dealing with a variety of aspects of consumer contracts. When passed and brought into force, it will replace the current legislation respecting consumer contracts. In order for that to happen, new regulations must be prepared.

The purpose of this discussion paper is to determine stakeholders’ views on issues that will be addressed in the regulations. This paper provides a brief summary of current provisions respecting travel club contracts, followed by some questions for discussion and comment.

The government does not intend to significantly overhaul the consumer contracts rules; they were enacted in 2006 following extensive consultations. However, if there is an opportunity to improve the rules or address problems, the government would like to hear about them.

Summary of select provisions of *The Consumer Protection Act* and *The Consumer Protection and Business Practices Act* dealing with personal development service contracts

Many of the legislated requirements for the different kinds of consumer contracts are remarkably similar. For example, all require that the contract be in writing. The following discussion notes individual requirements that can be included in the new regulations.

Elements of the Contract

All types of consumer contracts have prescribed elements that must be in the contract:

- Name of the consumer
- Name, address and telephone number of the supplier
- Other ways to get in touch with the supplier, such as fax and email
- Date of the contract
- The currency for the payment
- Other restrictions, conditions and limitations that may apply

In addition to the standard requirements, personal development service contracts require a statement of consumer rights as set out in the regulations and the names of the persons who solicited the consumer, negotiated the contract with the consumer, and concluded the contract with the consumer.

Personal development service contracts also have a number of additional requirements that were intended to address issues that were of interest at the time that the legislation was passed, such as companies selling memberships to non-existent facilities or taking the consumers' payment but never providing the facility. Many of these requirements were designed to alleviate the particular problem, for example, requiring that the contract identify the address of the facility and the date on which it will be available.

Term and Renewal of the Contract

Personal development service contracts have restrictions on the length of the contract and extension or renewal of the contract:

- No personal development service contract can be for longer than two years. Any contract for a longer term is void
- Prepayment of fees cannot be for longer than one year
- Consumers can elect not to extend or renew by notifying the supplier

Cancellation of the Contract

Personal development service contracts can be cancelled:

- Without reason, within 7 business days after the later of the receipt of the written contract and the date that services are available
- Within one year of entering into the contract if the contract does not contain the information listed under "Elements of a contract" on page 2
- At any time if there has been a material change in circumstances of the consumer, including changes in health or if the consumer has moved and their new residence is 30 kilometres farther from the facility than their previous residence
- At any time if there has been a material change in the service provided, including the closure of the facility, a substantial change in the facility, or the relocation of the facility more than 10 kilometres from the former location
- At any time if the supplier does not begin to provide the services within 30 days of the start date specified in the contract

Note: A personal development service supplier must issue a refund within 15 days after notice of cancellation of the contract.

Exemptions

The rules respecting personal development service contracts do not apply when the supplier is:

- A non-profit corporation or a co-operative
- A private club that is primarily owned by its members
- Funded or run by a charitable organization, a municipal organization, or by the Government of Saskatchewan or any of its agencies

Other requirements

The rules for personal development service contracts have some unique features. For example, the regulations provide for situations resulting in a “material change of circumstances” for either the consumer or the supplier that allows the consumer to unilaterally cancel the contract at any time.

The material change of the consumer’s circumstances can be:

- The consumer's death
- A physical, medical or mental disability of the consumer, substantiated in writing by a duly qualified medical practitioner showing that the consumer's continued participation is unreasonable because of the consumer's condition or is likely to endanger the consumer's health
- The consumer has moved and their new residence is 30 kilometres farther from the facility than their previous residence and the supplier does not offer reasonably comparable alternate facilities within 30 kilometres of the consumer's new location.

The material change of the supplier’s circumstances can be:

- The services outlined in the contract are not available or are no longer substantially available because the supplier has closed their business or there is another substantial change in their operation
- The supplier relocated the facility to a location that is more than 10 kilometres from the original location.

Another unique characteristic of personal development service contracts arises from the fact that, occasionally, memberships are sold before the facility is available. So, if services are not available at the time that membership payment is made, regulations require funds from membership payments to be kept in a trust account with a financial institution.

Also, a supplier of personal development services must allow for monthly installment payments.

Responses

Please submit your email, mail, or fax responses to the discussion questions by September 30, 2013 to:

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Please provide your contact information. Note that your submissions may be disclosed publicly pursuant to *The Freedom of Information and Protection of Privacy Act*.

- *The Consumer Protection Act* can be accessed at www.qp.gov.sk.ca/documents/English/Statutes/Statutes/C30-1.pdf. Please refer to pages 50 through 58 (Part IV.3) for consumer contracts.
- *The Consumer Protection Regulations, 2007* can be accessed at www.qp.gov.sk.ca/documents/English/Regulations/Regulations/C30-1R2.pdf. Please refer to pages 12 through 17 (Part V) for personal development service contracts.
- *The Consumer Protection and Business Practices Act* (Bill 55) can be found at <http://docs.legassembly.sk.ca/legdocs/Bills/27L2S/Bill27-55.pdf>, Please refer to pages 20 through 23 for consumer contracts.

Consolidation of Discussion Questions

1. Are the cancellation timelines for personal development service contracts appropriate?

- Yes No, they do not allow consumers time to decide No, they are too complicated for suppliers

Explain:

2. Are the exemptions appropriate?

- Yes, no additional exemptions are required and none should be removed No

Explain:

3. Are the material changes in circumstances appropriate?

Yes No, they are too burdensome for suppliers.

Explain:

4. Should specific rules be added to address refunds for products purchased in conjunction with a personal development service when there has been a material change in circumstances?

Yes No

Explain:

5. Do you have any additional comments or suggestions for improvements to the rules respecting personal development service contracts?

Explain:

Confidentiality -- Please select one

- I understand that my response is a public document
- Please keep my name confidential
- Please keep my entire response confidential

Submit

Name

Organization

Telephone Email