



# **STANDING COMMITTEE ON THE ECONOMY**

## **Hansard Verbatim Report**

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**STANDING COMMITTEE ON THE ECONOMY  
2008**

Mr. D.F. (Yogi) Huyghebaert, Chair  
Wood River

Mr. Ron Harper, Deputy Chair  
Regina Northeast

Mr. Darcy Furber  
Prince Albert Northcote

Mr. Jeremy Harrison  
Meadow Lake

Mr. Warren Michelson  
Moose Jaw North

Ms. Laura Ross  
Regina Qu'Appelle Valley

Ms. Nadine Wilson  
Saskatchewan Rivers

[The committee met at 15:30.]

**General Revenue Fund  
Supplementary Estimates — March  
Lending and Investing Activities  
Agriculture  
Vote 146**

**Subvote (AG07)**

**The Chair:** — Okay, it's 3:30. We'll get our committee started. We're here today to discuss lending and investing activities, Agriculture, vote 146. We have one chit in. On the government side is Mr. McMillan is chitting in for Mr. Michelson. And I would ask the minister if he would introduce his officials and if he has any opening remarks.

**Hon. Mr. Bjornerud:** — Thank you, Mr. Chair. To my right is the deputy minister, Alanna Koch. To my left is Laurier Donais, Dave Boehm, and right behind us is Tom Schwartz. I appreciate them coming today to assist me in these estimates.

2007-2008 supplementary estimates provide an additional funding to the Ministry of Agriculture for the short-term hog loan and short-term cattle loans created in December 2007. The programs were created to provide much needed relief to the livestock sectors which are experiencing a double hit — a high Canadian dollar and tremendously high feed costs.

The supplementary estimates include 14.5 million in funding for administrative costs and loan loss provisions for both programs. Since the ministry is administering the short-term hog loan program directly, there's one additional non-budgetary amount of 27.175 million which is the funding for the actual loan advances. You will see this as a separate item for the committee's consideration.

Conversely the short-term cattle loan program is administered through ACS [Agricultural Credit Corporation of Saskatchewan] for reasons of efficiency, as the loan system already exists. Therefore these loan advances are made directly out of that entity.

These programs were not designed to solve the problems facing the industry, but rather were measures put in place to assist the industry and give it time to make the necessary adjustments to adapt to the new realities — and in short, really try and bridge them through till, we hope, prices improve for both cattle and the hog industry.

My officials and I would be pleased to answer questions as they come from the members opposite.

**The Chair:** — Thank you, Minister, and are there questions?

**Mr. Harper:** — Yes, Mr. Chair. First of all, welcome, Mr. Minister, and your officials. It's a pleasure to have you here before the committee. We're looking forward to having a good exchange of information.

The program that you were talking about primarily for the short-term relief to financially strapped cattle producers and hog

producers in this time of low market returns, in Saskatchewan how many cattle producers would fall into the category that would be . . . they'd be eligible for assistance from your program?

**Hon. Mr. Bjornerud:** — Well I can give you the numbers exactly of what the uptake is today and maybe we'll start there and we'll go from there and get you the total amount of cattle that we think are available to actually apply for the program.

But I'll start with the numbers to the member and give you the numbers as we are of . . . on the short-term cattle loan on March 11, which is just about up to date — very close to right now.

The total loan applications received are 1,331. The total amount of loans claimed — the dollar value that is — \$20,973,600. The total livestock that's claimed on is 279,648 head. Total loan applications disbursed to this point is 895. And the total amount of loans disbursed is \$13,179,150. That's on the cattle side. And I can give you the hog numbers too at the same time if you'd like.

Total number of applications received are 26. Total dollars advanced right now to this point are very similar to that on the cattle side — \$12,974,573. And the total number of loans that have gone out already — 23. So \$12.974 million for 23 loans have been paid out for the short-term hog loan on that side.

**Mr. Harper:** — On the cattle side of the equation, of what percentage of the total livestock or cattle population of the province would be covered by a loan now?

**Hon. Mr. Bjornerud:** — What have we covered at this point?

**Mr. Harper:** — Yes.

**Hon. Mr. Bjornerud:** — Okay, just give me a minute here and I'll get what the total number is and then we'll be able to give that to you too. Just winging it. Sorry for the delay. Twenty thousand cattle producers we feel there is in the province, and that's, you know, approximate, but roughly to the best of our ability.

I'll give you some numbers here that we think . . . we have to put together for how many cows and calves there is in the province — 1.484 million cows, 1.360 million calves. So when we tally that up, you're looking at about 2.780 million, 2.8 million head that we would be talking about. And then there's the slaughter cattle, of course, on top of that.

**Mr. Harper:** — So what would be the percentage then of the cattle population in Saskatchewan that would be encumbered by a loan as a result of your program?

**Hon. Mr. Bjornerud:** — Well if I . . .

**Mr. Harper:** — . . . applied for a loan or have received a loan or would qualify for the loan. Would it be half the cattle population? Would it be 40 per cent of the cattle population?

**Hon. Mr. Bjornerud:** — Oh, I see what you're saying. Like, how many would we have out there right now . . .

**Mr. Harper:** — Seventy per cent of the cattle population that would be encumbered by a loan?

**Hon. Mr. Bjornerud:** — Well we had put — correct me if I'm wrong — \$60 million towards the cattle side, the cattle loan, and the uptake at this point is 12 million, almost \$13 million. So if you kind of weigh that into it, we're about not quite 25 per cent of the cattle that have actually been claimed on at this point.

**Mr. Harper:** — Okay. Now the applications that are coming forward for funding, are they coming from a good cross-section of the province or are they coming from one area of the province in particular?

**Hon. Mr. Bjornerud:** — My officials tell me that it's very general, right across the province. There's no particular area that's, you know, uptake has been more than any other area.

**Mr. Harper:** — So then it's, in your opinion and likely the number bears out, it's an effect of the downturn in the industry and the downturn in the returns for the product being produced rather than having anything to do with climate conditions or droughts or anything like that.

**Hon. Mr. Bjornerud:** — It's more the downturn of the economy.

**Mr. Harper:** — On the hog side, the 26 hog producers that have made application, again what percentage of the entire hog population would that represent?

**Hon. Mr. Bjornerud:** — There's about probably under 300 producers in the province and to this date 26 have applied. Now remembering that on the hog side especially, there's two, the biggest two producers are probably the two biggest in Canada in fact, who have both applied and there's a number out there — the smaller producers — that haven't utilized the program. The one that comes to mind right away is a number of the Hutterite colonies that haven't applied to this point and may do down the road — we don't know that. But like Stomp and Big Sky have applied for the program plus 24 others.

For the hog side the deadline is not till May 1, May 2. On the cattle side that's coming very quickly as of March 31. So there's two different areas there because the hogs goes by formula where the cattle are, you know, a straight \$75 per head. June 10 is the deadline for the hogs.

**Mr. Harper:** — June 10. Okay, very good. What vehicle are you using to deliver the program?

**Hon. Mr. Bjornerud:** — ACS is doing the cattle side and the department . . . right through the department we're doing the hog loan here. And why that was is because ACS had everything in place to do it much quicker than we could do both of them here. So we split that off, put it over there because of the efficiency and timing, mainly because producers needed those dollars very quickly. So that's why it's working that way.

**Mr. Harper:** — So then after you activated ACS to be the program provider, did that then create a necessity for an increase of employees with ACS?

**Hon. Mr. Bjornerud:** — No. No new employees. They handled it with the FTEs [full-time equivalent] that they had.

**Mr. Harper:** — So would the application process, would it have been handled in the regions at regional ACS offices or would it have been centralized in one location?

**Hon. Mr. Bjornerud:** — Yes, Swift Current. To the member, that's not quite right. I deceived you there. They start in Regina where they're administered here and then they go out to there where the money's disbursed from that point.

**Mr. Harper:** — Okay. So I believe ACS has a regional office in Yorkton, does it not?

**Hon. Mr. Bjornerud:** — Yes, regional office there, yes.

**Mr. Harper:** — But for the producers in the Yorkton area, that regional office wouldn't be a tool that they would be able to use.

**Hon. Mr. Bjornerud:** — Yes, it's all centralized and then out there it gets the one disbursement. One place disburses the cheques.

**Mr. Harper:** — So if a producer in the Yorkton area wanted to ensure that he'd filled out the forms properly and so on and so forth, would he have the ability to go to the regional office in Yorkton and have somebody there go through the form with him to ensure that it was done properly?

**Hon. Mr. Bjornerud:** — Yes, I'm very sure he could. He could go there because that capability they would have in Yorkton or access to that very quickly.

**Mr. Harper:** — Okay. Thank you, Mr. Minister. I will now turn the questioning over to my colleague. He has indicated that he's got a couple questions.

**The Chair:** — Mr. Furber.

**Mr. Furber:** — I've just got a couple of questions I'm hopeful you can clarify for me. You've got — I think what the number was — 1,331 applications for the cattle program and roughly 20,000 producers. Are those numbers as expected by the ministry?

**Hon. Mr. Bjornerud:** — Well I don't think we had really an idea of just how big of uptake this was. I think it was the second day after I was named as Minister of Agriculture we met with the stock growers and the cattle feeders and the hog guys all in one group come in and, you know, explained to us the urgency of what was going on out there.

And why we went with the loan program is that that's exactly what they asked for. And why they were asking for a loan was because of the countervail with the US [United States]. They were very concerned that if it was an ad hoc and a straight-out payment that that might, you know, trigger some problems with the US.

And, you know, knowing that the BSE [bovine spongiform encephalopathy] had not even . . . we haven't recovered from

that and what happened with the US border, I guess they were concerned that we would maybe try and address a short-term problem — we hope is a short-term problem here; we don't know that — by creating possibly a long-term problem down the road if the border happened to get even restricted again, which they were very scared of, so . . .

**Mr. Furber:** — Now I understand there's an end date for application but that the program might be extended pending need. What would be the process then to extend the program if there's a need in the province?

**Hon. Mr. Bjornerud:** — I don't think right now there's any plan to extend the programs at all. This was also kind of in consultation with the producers of what timelines we would look at here. The hog side was a little more complicated because of the way they sell and the rotation they sell on so, you know, that was by formula, and that's what they had asked for.

And with the cattle industry, they felt if we'd gone to March 31, that would probably be adequate for time for their producers to learn about the program, to find out whether it fit with their needs, whether they need that money. It would help them to bridge through till when they hope it picks up. And again, remembering that in the spring when the barbecue season starts, and I think this is kind of their mindset too around maybe the prices, you know . . . And we both hope — they do and we do — that the prices start to improve somewhat. We sure haven't seen that happen yet, you know. So time will tell whether that really has an effect on it, but let's hope it does.

But that was the timelines they kind of suggested to us that would help them the most, so . . .

**Mr. Furber:** — Now on the hog side you've received 26 applications and distributed 23 loans for around \$12 million. Does that sound about . . .

**Hon. Mr. Bjornerud:** — Yes.

**Mr. Furber:** — Okay.

**Hon. Mr. Bjornerud:** — Just about \$13 million.

**Mr. Furber:** — Trying to read my own chicken scratch here. Is that sort of the amount of the loan that you'd expected to pay out?

**Hon. Mr. Bjornerud:** — We had projected possibly \$30 million if there was a full uptake, but we're far below that right now. But of course a lot of the smaller producers probably aren't taking that in . . . taking advantage of the loan for probably a number of reasons. One might be that they may be a mixed farm out there where they also have the grain side which is doing far better than the livestock side, and I think they're in far better position. So I guess there's no real thing we can point to and say why there's a lower uptake or higher uptake.

And remembering of course they can apply for this as they present their, you know, the animals they've sold and the price they've got for them. Then they produce that to us and then we — with the formula — we make up that difference to 140

kilograms. So I think that probably will have something to do with when they sell their stock and when they would apply. So there could be a lot more coming, but I think it's kind of a day-to-day basis. But right now there's kind of a lull on the hog side.

**Mr. Furber:** — This may be a two-part question, but I guess maybe you could inform me as to any advertising budget that came under both of the programs and how that worked for these programs.

**Hon. Mr. Bjornerud:** — To date all we spent — or I shouldn't say all we spent — is \$50,000, and that just happened just now because of the deadline coming for the March 31 deadline. And with the uptake that we have to this point, we thought that message should be out there to make sure people don't miss that deadline. You know, they may be busy doing whatever, but they may not be paying attention that the deadline is coming. So that's where that is.

We may be spending a bit more when the hog deadline gets closer in June. We may have to do the same thing at that point to, you know, to highlight, bring to their attention that that is also coming to an end.

**Mr. Furber:** — Will that be a part of the vote then? Is that included in this money?

**Hon. Mr. Bjornerud:** — Yes. There's \$250,000 there, if you noticed, in one spot, and that's the administrative costs, and that would be included in that.

**Mr. Furber:** — Do you see as a ministry that there might have been a better uptake had the advertising been done right at the start of the program, or do you think that the media received was adequate?

**Hon. Mr. Bjornerud:** — Yes. I don't think so. I think that it was fairly well known out there. We did an awful lot of media when we come out with the both sides — the cattle and the hog loan. And then we've had a lot of calls to our office about it. So it seemed like, you know, it got out there very quickly. We made sure the RM [rural municipality] offices knew about it out there so that they would pass that message along, and things like that.

So I think it's fairly well known out there. SARM [Saskatchewan Association of Rural Municipalities] convention's on right now, and I don't think there was anybody that didn't know about the program.

Whether they liked them or didn't like them, they brought that to our attention real quick. Because I'm sure you are aware, some of the producers said — and if I'd have been still farming out there, I may have been one of the first to say — the last thing I need is another loan. And we understand that, you know, but remembering what we talked about when the cattle associations and the hog people said, be very careful of countervails.

So as we have in the past, previous government did, 2002 and 1998 a very similar program, I think these concerns were probably taken into account then, but even more so at this point

because of what happens with the US border. There was a real concern with producers on both the hog and on the cattle.

**Mr. Furber:** — Thank you, Mr. Minister, and your officials. Thanks.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Thank you. Minister, welcome to your officials. I have a number of questions. My first questions is can you give us a breakdown of the \$250,000 that will be used towards the program management costs?

**Hon. Mr. Bjornerud:** — Administrative costs? Can I just . . . The member that asked the question before, Madam Minister, had asked about how we had got the information out there. One of the things that I didn't add is every hog producer, because of course there was less of them, we sent a letter directly to them and notified them of that. So that would be on the hog side.

Your question was on the 250,000 administrative fees. Okay. Madam Minister, this number one would be for printing; number two would be registering the general service agreement, which we have as we have in the past for this loan, and the term employees that have been put in place to deal with the loan applications.

**Ms. Atkinson:** — Thank you, Minister. Can you tell me how many term employees there are that have been hired or will be hired, and what are their positions?

**Hon. Mr. Bjornerud:** — You mean specifically for the two loan programs?

**Ms. Atkinson:** — Yes.

**Hon. Mr. Bjornerud:** — Madam Minister, one actually additional for ACS. And other than that they handled it with the employees they had. And three employees for the Department of Agriculture that were dealing with this loan application.

**Ms. Atkinson:** — And how long do you expect these employees will act in their new role? Until what month?

**Hon. Mr. Bjornerud:** — I would presume as soon as the loan applications wind down. The cattle loan of course ends on March 31, so that would probably be the ones that were dealing with that end of it. And the other end would be the same. On the cattle side of course that's far later. That's June 10.

**Ms. Atkinson:** — It's hogs, June 10, and cattle March . . . yes.

**Hon. Mr. Bjornerud:** — Yes, cattle are at the end of this month, yes.

**Ms. Atkinson:** — Okay. Thank you. Mr. Minister, how many hogs could be eligible for this short-term loan program?

**Hon. Mr. Bjornerud:** — Total hogs, market hogs you're talking? Yes.

Two hundred and ninety-four actual hog producers. I think I'd said 300 before — so it's a wee bit below that — 133,000 sows;

1,143,000 growers. I guess it'd be the same thing as feeders or they call them growers — 289,551 export weanlings, feeders. And that's a combination of the small ones and then — I can't remember — there's a weight just a little bit higher for the feeder weanlings. Export, the breeding stock is 29,660. There's about 1,001,000 slaughtered in Saskatchewan and about 1,013,000 slaughters that are exported.

**Ms. Atkinson:** — So for the purposes of the program design for the short-term hog loan program, how many hogs did you take into account for the design of your program and the cost of your program?

**Hon. Mr. Bjornerud:** — When we looked at the loan program . . . And what we did here was exactly what's been done in the past. We figured the uptake by the large producers — and I'm talking Big Sky and Stomp and some of the big guys — we figured that there'd be a 100 per cent take-up there which has turned out to be right. As we got down into the smaller producers, I guess we went by the history of past loans and the uptake that would be there. And then that dropped down a bit, and that's how we came up with where we would be, at roughly \$30 million, so.

**Ms. Atkinson:** — Okay.

**Hon. Mr. Bjornerud:** — By the way, those numbers, the industry actually give to us; it come from them. They thought that's what the uptake would be.

**Ms. Atkinson:** — And at the moment, how much has gone out the door? I'm sorry. I had to go out and do some press, so I didn't hear . . .

**Hon. Mr. Bjornerud:** — I can give you those numbers again, sure.

**Ms. Atkinson:** — Sure.

**Hon. Mr. Bjornerud:** — For both sides actually, around \$13 million.

**Ms. Atkinson:** — Hogs.

**Hon. Mr. Bjornerud:** — For hogs you're talking here?

**Ms. Atkinson:** — Yes.

**Hon. Mr. Bjornerud:** — It was 12 million-something — \$12,974,573 — and that's for 23 producers that have . . . There's three more in the system here that are being administered right now, but 23 producers received \$12.974 million.

**Ms. Atkinson:** — Okay. Thank you. And what is the process that they have to go through to assure the public that these loans will be repaid?

**Hon. Mr. Bjornerud:** — General security agreement is what we have each producer signs — and correct me if I'm wrong here — yes.

**Ms. Atkinson:** — What is the interest rate that they're signing,

these general security rates?

**Hon. Mr. Bjornerud:** — At the time we announced the loan, it was at the province's cost of borrowing. And I believe that day it was 4.04 per cent, and I believe that fluctuates as the cost of borrowing for the province goes up or down. And probably that would've gone down right now.

**Mr. Boehm:** — 3.88.

**Hon. Mr. Bjornerud:** — 3.88 right now because of . . .

**Mr. Boehm:** — That's where it started at.

**Hon. Mr. Bjornerud:** — That's where it started at?

**Mr. Boehm:** — Yes.

**Hon. Mr. Bjornerud:** — 3.88. Okay. At the point where we got, administering them was 3.88, and that possibly will even go down now because they've lowered the prime rate so . . .

**Ms. Atkinson:** — It has by half a point. So can you indicate whether or not that rate will go down because prime has gone down since this program was announced.

**Mr. Boehm:** — I don't have that information with me, but it's set monthly. And so it did go down. I don't know . . .

**Mr. Donais:** — Yes, it's actually the Ministry of Finance that sets that rate on a monthly basis, and so we won't actually know . . . Well we know at the beginning of each month, I guess, what it is so . . .

**Ms. Atkinson:** — So could you provide us with the information for March? Because it's been provided at the beginning of this month. So if you could — you don't have to do it today — but just send a letter to the committee.

**Hon. Mr. Bjornerud:** — . . . the interest rates right now?

**Ms. Atkinson:** — Yes, the interest rate for producers.

**Hon. Mr. Bjornerud:** — Sure we can do that.

**Ms. Atkinson:** — The interest rate will be applicable to both the livestock industry and the hog industry. Okay. Thank you.

My next set of questions have to do with the cattle loan program. Once again I'd like to understand — and I'm sorry I missed this, Minister — I'd like to understand how many producers or operations have received the short-term loan, and how much money has gone out the door.

**Hon. Mr. Bjornerud:** — Okay. As I told one of the other members who were asking questions, total loan applications at this point — and this is the cattle side of course we're talking here — 1,331 at this point. Total amount of loans that have been claimed, the dollar value is 20,973,600. Total livestock numbers that that amount was claimed for is 279,648 head.

**Ms. Atkinson:** — So how much a head are people basically receiving?

**Hon. Mr. Bjornerud:** — On the cattle side again we're talking here, \$75 per head.

**Ms. Atkinson:** — Okay. And on the hog side?

**Hon. Mr. Bjornerud:** — On the hog side I can explain the formula. I'll actually read it because it's a complicated formula here, but on market hogs it's 90 per cent of the difference between 140 kilograms and the Saskatchewan weekly pool price — which comes every week of course — as long as the price is below 140 kilograms. So up to that point they get 90 per cent of the difference. On the weanling side it's straight \$10, again as long as the price stays below 140 kilograms, which seems to be the benchmark.

And that number actually came from the industry themselves, and said if we can get to that point we probably can start to function on our own again. And at that point that was almost break-even, you know, and I would think it's close today, although grain prices have gone up a little bit more, so feed prices may have gone up a little more and they may be in even harder times than they were then. But that was the benchmark they had suggested to us that we go by.

**Ms. Atkinson:** — Okay. Thank you, Minister. As you know there have been short-term loan programs in the past for the two industries when the industry was facing some very significant economic hardships. Can you advise the committee what kind of losses the province has experienced as a result of the failure to repay the short-term loans?

**Hon. Mr. Bjornerud:** — Are you talking now in the past, like what was our history in 2002?

**Ms. Atkinson:** — Yes. I'm interested in . . . I think there were two programs in particular.

**Hon. Mr. Bjornerud:** — In 2002?

**Ms. Atkinson:** — Right, and I'm interested in knowing what kinds of records the industry has.

**Hon. Mr. Bjornerud:** — We'll get that right away for you here. What we also have is, and I think you've seen this, is the loan loss provisions in the new program and where we got that was from exactly what you're asking. We took that history and applied it to where we are today. We'll get that number for you as quick as we can here.

We'll get those numbers for you. We don't have them here. One of the things we might add is that actually we've had some of those loans actually started to be paid off so they're in good standing so they can qualify for this. So I guess there was a benefit to the provincial coffers from having . . . when this loan came out. We know that wasn't why it was done but it has had an effect on that, to be in good standing because you had to be in good standing to apply for this loan and qualify for it.

**Ms. Atkinson:** — Right, thank you. Now as you know, the department most certainly has some insight into what we're facing down the road in terms of the hog industry and livestock industry. What is the prognosis for this industry come a year from now? I'm particularly interested in knowing whether we

think we're going to see a significant reduction in our numbers, in both the livestock industry and the hog industry. And I'm not talking about the numbers of producers necessarily, I'm just talking about the size of our herds.

**Hon. Mr. Bjornerud:** — Hog numbers, cattle numbers — yes.

**Ms. Atkinson:** — And our herds, yes.

**Hon. Mr. Bjornerud:** — I think, as the member is well aware of here, that we've seen and heard of hog producers that have either walked away, gone bankrupt in some cases, just downsized for the fact that they were going to go under or couldn't afford to keep going where they are.

Having said that, we still know Saskatchewan is a very good place to, you know, be raising hogs and cattle. And for that end, I think that's helping hold our numbers a bit. But I think on the hog side we're certainly going to see a dramatic decrease in the numbers out there. I think we're seeing that probably worldwide. We're certainly seeing it in the rest of Canada and, for that matter, now starting to see some of that happening in the United States.

But of course the dollar here, the change in the dollar value, as you're well aware, has the biggest effect on this, along with the grain prices. And I think we're probably going to see more numbers dropping yet, whether it's just an adjustment to what the prices are doing out there or to maybe what the industry even feels that grain prices are going to do.

And I'm certainly no expert on the grain prices, but I have a feeling this time we may see them last a little more at the level or maybe down a bit, but that sustainability may last a little longer when we come to the biofuel industry or the ethanol industry, or shortages around the world. We see droughts happening out there, maybe at a little higher rate right now than we've ever saw before.

So I think the feeling is right now that those numbers could be dropping on both sides. But I believe the cattle industry looks to me like they're maybe going to hang on a little better. But on the hog side, there's a lot of pessimism out there right now. And hog producers of all size — it doesn't seem to matter whether you're big or small or whatever you are — are really in trouble. In fact maybe even the small guys that are diversified and have cattle and grain — which we don't have that many of any more where they have a little of everything — probably are in a far better position to weather this than the big guys who are strictly relying on bought feed and tremendously high feed costs and then turn around when they go to sell them and their price is dramatically lower because of the high dollar.

**Ms. Atkinson:** — As you'll know, there is a significant hog industry in the Midwest, in the United States, and I'm wondering if your officials can . . . I don't know if you know this, Minister, but can your officials provide us into any insights as to what kind of support US states are providing their hog industry where the state is very dependent upon the dramatic growth that certainly has taken place in the industry in the late '90s and in the 2000s? Because my understanding is, even though we're worried about subsidies as Canadians, that there is the significant support for the industry, given what's happened

to the price of corn and inputs.

**Hon. Mr. Bjornerud:** — I think what we've seen in the United States, I know in that last four months since I've been the minister, is that the US prices weren't affected as quickly as ours were because of course they were dealing with their dollar where it was actually gone the other way, and we were dealing, our producers had the misfortune of dealing with our dollar that had gone up. So our prices dropped far quicker than theirs did.

I agree with the member that of course we know the US subsidizes far more than we do as a country or a province, for sure — what we can afford — as she's well aware. But I don't think the effect down there to their prices happen near as quick, I guess, from my information right now. Now they're starting to feel the effects of this and they are dropping, but I'm not sure anywheres near the level that our people are on this side. Now if you throw the subsidies in on top of that, their producers are probably not anywheres near in the trouble ours are on this side of the border.

**Ms. Atkinson:** — So then my next question . . . And I have to say I support your observation thus far that the hog industry seems to be having the most difficulty and may be having the most difficulty for the longest period of time relative to the livestock industry.

And given that there are provinces in this country that put a lot of effort into encouraging the hog industry because we thought there were international markets available to those producers, and it appears as though . . . I mean this isn't just going to be a problem for Saskatchewan. This is going to be a problem for Alberta, Saskatchewan, Manitoba, and I'm thinking of the West in particular. We're in a situation where it looks rather bleak at the moment, even with the assistance that the federal government has had in terms of other loan programs and now this program.

What do you think the implication is for people who have tried very, very hard to develop an industry, thought they sort of had some advantages, particularly when it was selling into Asia and other places?

And we have what we see as persistent farm subsidies in the United States. And I'm wondering if you've spoken to your colleagues in other provinces, and what sorts of discussions you've had with the federal minister.

**The Chair:** — I would just like to comment here. The minister may answer that. But I'd remind the member that we're talking about vote 1 and 146. It's getting a little bit carried away to other jurisdictions. If the minister wishes to respond, it's fine.

**Hon. Mr. Bjornerud:** — Thank you, Mr. Chair. Number one, federally we have, on a number of occasions, actually talked to the federal minister about what's happening here. And it helps because he's from here, and I think he gets some of the same calls that we do. So I think he's watching very close to what's happening out there.

We do see, and I'm sure the member's aware, I know even our big producers are doing it and probably some of the smaller ones too are sending a lot of their feeders and weanlings to the



US right now to be fed. They have a bit of advantage with last year. They had cheaper corn prices because of the volume of the crop that they had. That seems to be maybe catching up with them a bit this year, where they're going to either have more corn acres to address the ethanol side but then also the feed sides that they've got down there.

So maybe there's a kind of a catch-up for them to do and maybe create a bit of more problem for their producers right now. How they handle that down there, of course, if they just turn around and subsidize them a little more in the new farm Bill, I would have that concern. If they don't, then probably we'll get back to a little more level playing field.

The member talked about some of the other jurisdictions here and what we looked like for hog numbers in the future. Quebec we know really supports their industry and tries to grow it. But I have noticed in Manitoba, for an example, they've put, actually have a moratorium on hog barn, any new facilities that are coming out there. So it seems to me the gist of what they're doing in Manitoba is either putting a hold on their numbers or even trying to maybe drop their numbers a little bit.

I might add that we've met with some of the, you know, the Maple Leaf and some of the big businesses that deal with slaughtering plants and things like that. And one of the things, I think, that was a general idea from those people of what has happened in our hog industry — and we all know that it goes up and down in the hog industry very quickly and changes — but I think the feeling that I got from those people were that, and they work with the industry every day, is that we possibly had started to overproduce the numbers for what the, you know, the exports around the world could handle, of where we export, and what the domestic market here could use, that we have. And I think the feeling we got from them was, you know, there's outside forces at work here. But then you throw in the mix maybe we'd started to overproduce, and what's happening right now might have to be a bit of an adjustment back to where the market reality actually can handle the number of hogs we grow in this country.

So there's a number of factors, I think, at play here. But of course still it's the high dollar and the high feed costs that are hurting our guys right here. And I guess the concern we have, and I'm sure the members opposite have, is that we have family farms here at stake. We've seen some of them go under already, and that's very disappointing. They've worked for a long time, and many of them have lost what is actually their pension plan as we all know, when that goes under. And I have a lot of sympathy for that because I've been out there through hard times and know what happens when a family has to drop out and leave the farm and go on to something new.

Other problem being, is that we all know the age of many of them. Producers are getting more to my age where it's not easy to get on to something else. Where do I go and how do I start making a living? So, and I'm sorry, Mr. Chair; I kind of wandered off here. But I think we all have that compassion for what's happening out there, and hoping that some of these things start to adjust very quickly, so we can get on with life here and start making this industry — both industries — flourish again.

**Ms. Atkinson:** — My final question, Minister, is, can you provide us with a side-by-side of the responses from various provinces as to how they're dealing with the livestock industry and the hog industry? So I'd be interested in knowing what has Quebec done. What has Atlantic Canada done — because they have some industry there — Ontario, Manitoba, Saskatchewan, Alberta, and BC [British Columbia] which may be small?

**Hon. Mr. Bjornerud:** — Yes, federal government actually just come out with what you'd asked for, and we can get that for you. I haven't even seen it myself yet. We would certainly supply you with that.

Just got the information here. You'd asked about the percentage of interest rate that the cost of borrowing — 3.25 was the cost of borrowing actually today, for March for the hog loan, and for cattle is 3.88 per cent until April 1. So that's a little bit different.

**Ms. Atkinson:** — Can I ask the Chair, why the difference? Is that appropriate?

**The Chair:** — Sure.

**Ms. Atkinson:** — Thank you. Can you explain why the difference in interest rates for the hog industry versus the livestock industry?

**Hon. Mr. Bjornerud:** — Mr. Chair, I would answer that. We have that one answer right here.

ACS is handling the cattle side. And their cost of borrowing is 3.88 per cent. And on the hog side — of course that's the provincial government's GRF [General Revenue Fund] — cost of borrowing is 3.25 right now. So that's why the discrepancy in the two numbers.

**Ms. Atkinson:** — Okay. Those are my questions.

**Hon. Mr. Bjornerud:** — Thank you.

**Mr. Harper:** — Just a couple more.

**The Chair:** — Mr. Harper.

**Mr. Harper:** — What is the loan rate for the various classifications of cattle, like for cows, calves, and feeders? Do feeders qualify also?

**Hon. Mr. Bjornerud:** — Yes.

**Mr. Harper:** — So what's the loan rate for a cow? What's the loan rate for a calf? What's the loan rate for a feeder?

**Hon. Mr. Bjornerud:** — Yes. Good question. Seventy-five dollars for calf, feeder, and bred heifer. And why we included bred heifers in there is because when we get to the spot where maybe some producers decide to change the direction of where they're going, in some cases they abort, and then feed them out or sell them as feeders at that point. So that's why they're included in what would qualify for the loan.

**Mr. Harper:** — Okay. And what's the repayment time frame

for the producer?

**Hon. Mr. Bjornerud:** — Time frame?

**Mr. Harper:** — Payment time frame for the producer.

**Hon. Mr. Bjornerud:** — Oh, first year — and I'm talking cattle side — it's a three-year term, but it doesn't start until January 15, 2009. Hog side, well that happens far quicker, I'll maybe read this to the member and because it's a little more again . . .

**Ms. Koch:** — It's based on the formula.

**Hon. Mr. Bjornerud:** — Yes, it's based on a formula. And this is for market hogs for the period May 1, 2008, to April 30, 2009, any week where the slaughter market price exceeds 140 kilograms. One-third of the difference is applied to the advance. Commencing May 1, 2009, the remaining balance outstanding is turned out over three years. Okay. I'm not sure if that's plain enough, but. And the . . . [inaudible] . . . the loans are consolidated over a three-year term on May 1, 2009 — so one year away.

**Mr. Harper:** — And on the cattle side?

**Hon. Mr. Bjornerud:** — Pardon?

**Mr. Harper:** — And on the cattle side? What would the repayment . . .

**Hon. Mr. Bjornerud:** — Oh, that was . . . I'm sorry. I should have explained that when I first said that. That's on the three-year term commencing on January 15, 2009. So they have the one year window when they don't have to make a payment. And it's three years.

**Mr. Harper:** — If somebody got into this program early, the first payment would be due on January 15, 2009?

**Hon. Mr. Bjornerud:** — Yes.

**Mr. Harper:** — And that would be one-third of the outstanding . . .

**Hon. Mr. Bjornerud:** — One, two, three. Yes.

**Mr. Harper:** — Loan plus interest.

**Hon. Mr. Bjornerud:** — Yes.

**Mr. Harper:** — Okay. Good. One final question just for clarification, earlier on I asked you, when you used ACS as a vehicle to deliver the program on the cattle side, if that caused any new employees to be hired on, and your response was no. They did it with the existing employees. Later on my colleague asked a very similar question, and the response was, yes, one employee.

**Hon. Mr. Bjornerud:** — . . . done that for 12 years, you know you're not going to get the same answer twice.

**Mr. Harper:** — I know you, Bob.

**Hon. Mr. Bjornerud:** — I apologize to the member. And I should have mentioned that when we actually got the right numbers here. So the second set of numbers were accurate. The first set I thought I was in opposition, and that's the numbers I was using.

**Mr. Harper:** — Okay, thank you, Bob. Thank you, Mr. Chair.

**The Chair:** — No further questions?

**General Revenue Fund  
Supplementary Estimates — March  
Agriculture  
Vote 1**

**The Chair:** — Vote 1, Agriculture, financial programs, subvote (AG09) in the amount of 14,505,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I'll now ask a member to move the following motion:

That it be resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sum, 14,505,000.

Can I have a mover please? Ms. Ross.

**Ms. Ross:** — I move.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

[Vote 1 agreed to.]

**General Revenue Fund  
Supplementary Estimates — March  
Lending and Investing Activities  
Agriculture  
Vote 146**

**The Chair:** — Lending and investing activities, vote 146, Agriculture, loans for the short-term hog program, subvote (AG07) in the amount of \$27,175,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. I'll now ask for a member to move the following motion:

That it be resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sum, \$27,175,000.

A mover? Ms. Ross.

**Ms. Ross:** — I move.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed.

[Vote 146 agreed to.]

**The Chair:** — I'd like to thank the minister and his officials for being here and for providing some answers. Mr. Harper.

**Hon. Mr. Bjornerud:** — Mr. Chair, I'd just like to thank my officials today. This is my first go at estimates, and I much appreciate their input. I'll be looking forward to it in the future and want to thank the members opposite for their questions today.

**The Chair:** — Thank you, Minister. Mr. Harper.

**Mr. Harper:** — Thank you, Mr. Chair. And, Mr. Minister, we also, from the opposition members, here want to thank you for you and your officials for being here today and for your very prompt and accurate answers.

**The Chair:** — This committee is now adjourned. No, sorry I've got one more motion here. Hang tough. You've been handed a draft report on the Standing Committee on the Economy, a second report. Are there any questions on the report?

I would ask that we have a mover for the motion:

That the second report of the Standing Committee on the Economy be adopted and presented to the Assembly.

**Ms. Ross:** — I so move.

**The Chair:** — We are concluded. The committee is now adjourned.

[The committee adjourned at 16:18.]