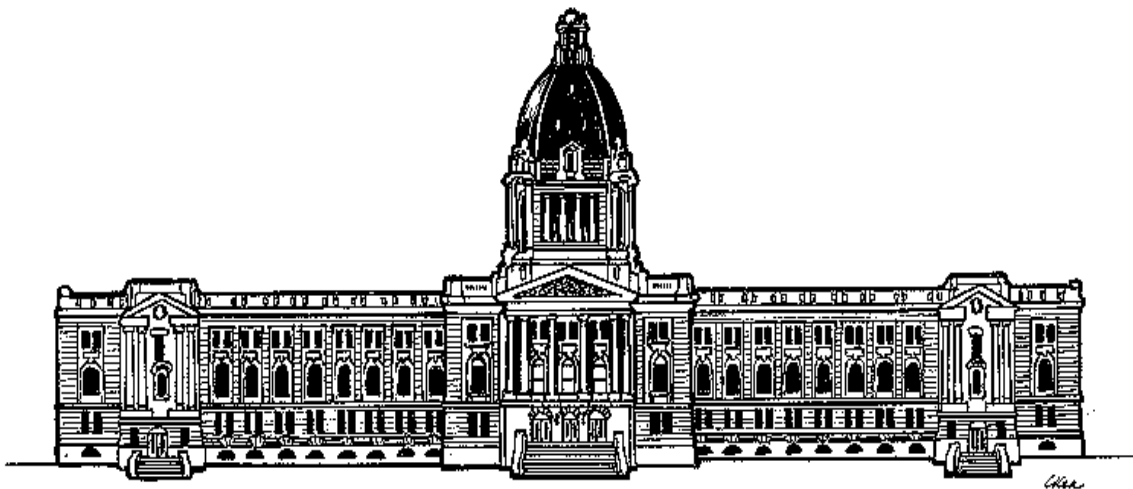




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 8 – April 9, 2013



Legislative Assembly of Saskatchewan

Twenty-Seventh Legislature

STANDING COMMITTEE ON THE ECONOMY

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Moosomin

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Ms. Victoria Jurgens
Prince Albert Northcote

[The committee met at 19:00.]

The Chair: — Well good evening, everyone. It now being 7 p.m., I will call this meeting to order. Tonight our economy meeting is meeting with the Ministry of Agriculture, and pursuant to rule 146(1), the estimates and supplementary estimates for the following ministries and agencies were deemed referred to the committee on March 28, 2013 and March . . . 20th, pardon me, 2013, respectively: vote 1, Agriculture; vote 23 and 174, Economy; vote 26, Environment; vote 16, Highways and Infrastructure; vote 17, Highways and Infrastructure Capital; vote 84, Innovation Saskatchewan; vote 35, Saskatchewan Research Council; vote 86, SaskBuilds Corporation; and vote 87, Water Security Agency.

**General Revenue Fund
Agriculture
Vote 1**

Subvote (AG01)

The Chair: — Tonight we will be considering the estimates for Agriculture. I'd like to welcome the Hon. Minister Stewart and his officials and I will invite Minister Stewart to introduce his officials and give his opening remarks.

Hon. Mr. Stewart: — Thank you, Mr. Chair. I would like to introduce the officials that I have with me tonight. To my left, Alanna Koch, deputy minister; to my right, Nithi Govindasamy, associate deputy minister; seated behind me, Rick Burton, assistant deputy minister; Shawn Jaques, president and CEO [chief executive officer] of the Crop Insurance Corporation; Jeff Morrow, vice-president, operations, Crop Insurance; Ray Arcott, executive director, corporate services; Wally Hoehn, executive director, lands branch; Tom Schwartz, executive director, financial programs branch; Doug Billett, executive director, crops and irrigation branch; and Tyler Lynch, chief of staff.

I will, with your permission, Mr. Chair, proceed with brief introductory remarks. I'd like to thank all of my officials for being here this evening. And last month our government introduced the 2013-14 provincial budget titled *Balanced Growth*. We have achieved a balanced budget that balances growth by controlling spending while continuing to invest in priority areas. The budget supports the quality of life for Saskatchewan's growing population and balances economic progress with social progress.

Agriculture continues to be a priority in this budget. The Saskatchewan plan for growth sets out some ambitious targets for agriculture, including increasing crop production by 10 million tonnes, increasing agri-food exports by 50 per cent from \$10 billion to \$15 billion a year, establishing Saskatchewan as a global leader in bioscience, and increasing value-added opportunities in the province — and all by the year 2020.

Now we've had two years of record-breaking agricultural exports, Mr. Chair. For the first time ever, Saskatchewan exported more than \$11 billion in agri-food products in 2012. We are Canada's top agri-food exporter, accounting for 23 per cent of Canada's agri-food exports in 2012. The record \$11.1

billion in 2012 agri-food exports is an increase of 9 per cent over 2011 and an increase of 75 per cent since 2007. This represents a significant step in achieving our goals under the growth plan. Our agricultural budget will help us continue this growth. The 2013-14 agriculture budget is \$406.9 million. This is the fourth largest agriculture budget ever announced in the province. The five largest agriculture budgets in history have been introduced since we formed government in 2007.

This budget includes \$282.5 million to fully fund business risk management programs including crop insurance, AgriStability, and AgriInvest. Funding for crop insurance is a record \$198 million which is an increase of 21.2 million or 12 per cent from last year and an increase of 91 per cent compared to 2007. We also introduced record coverage levels of \$194 per acre on average across the province, up from \$174 in 2012 and more than double the coverage offered in 2007. Since 2008, we've introduced the six largest budgets and six highest coverage levels in the program's history. We also continue to make other improvements to the program.

New in 2013, yields will increase for hard red spring wheat, hard white spring wheat, and oats under the yield trending formula. The 2013 crop insurance program also includes increased establishment benefit values for field peas, canola, and identity preserved canola, and expansion of the insurable region for soybeans and corn. For the first time ever this year, we will be purchasing private reinsurance to help protect the program and producers in the event of a disaster year.

The 2013 crop insurance program also continues initiatives introduced in the past four years, including an unseeded acreage benefit up to \$100 per eligible acre, yield cushioning, and 100 per cent wildlife damage compensation.

In this budget and over the next five years under Growing Forward 2, we will provide more than \$70 million annually for strategic investments. This includes \$25 million in new funding for non-BRM [business risk management] programs under the Growing Forward 2 agreement. I believe that this funding will benefit producers and the industry in the long term. We will be rolling out programming and further details under GF2 [Growing Forward 2] in the coming weeks.

One important strategic area we continue to provide strong support for is research, science, and innovation. This year's agricultural research budget is a record \$27.7 million, an increase of 104 per cent since 2007. This includes \$3 million for the Global Institute for Food Security which the Premier announced in December. Research is pivotal, pivotal to the success of our industry as we work to feed a growing population that needs Saskatchewan products.

In addition to research, funding will also go to areas such as trade and market development, food safety, pest control funding, youth initiatives, irrigation and water infrastructure, disease surveillance and monitoring, and agriculture awareness. As I said, further details of the Growing Forward 2 agreement and programming will be announced in the coming weeks.

The 2013-14 agriculture budget also includes \$1 million for irrigation bridge rehabilitation to support the long-term growth

of irrigation in the province. This has been an ongoing issue in some areas, and I'm pleased to provide this funding to help with this infrastructure. There is huge potential to increase irrigation in Saskatchewan, and it will play a large role in helping us meet our targets under the growth plan and to grow into the future.

To summarize, I think this budget demonstrates our ongoing commitment to agriculture. This is an agriculture budget that positions us well to achieve our growth plan targets. For agriculture, this budget is highlighted by record crop insurance funding and coverage, increased investment into strategic initiatives, record research investment, and \$1 million in funding for rehab of irrigation bridges. I'd be now happy to take questions on our agricultural budget.

The Chair: — Thank you, Mr. Minister. The floor is now open for questions. I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair, and thank you very much to the minister and his staff for coming tonight, and I look forward to our discussions. So it will be fairly free ranging, and we'll just go from topic to topic as they come up in my stack of papers here.

And also I guess, welcome to the other committee members, and if anyone has a burning question and wants to get it in, let me know. I'd certainly consider sharing a few minutes of the time if any of you have questions for the ministry as well. So I would be interested in hearing if you have any of those questions. Just wave a flag or something and catch my attention and we would go forward with that.

Certainly I think the work that this ministry does is very, very important to the people of Saskatchewan. It's one of the backbones of what we do here in Saskatchewan, who we are, and certainly how we're known throughout the world as a breadbasket. And both on, I think, the agricultural side but also in the cattle side as well and the other industries that are developing here in Saskatchewan.

I was commenting earlier today on how rural Saskatchewan has really changed a lot in the last 50 years. When I grew up on the farm . . . And I'm not quite that old. Well I'll be 52, so I was born on the farm in '61 and, you know, you used to go pick the eggs and milk the cow, and the dogs got the scraps and that was kind of . . . And I know that still happens on a lot of farms, but I really marvel at the technology that we see now and the large infrastructures that our farming population and our farmers have — including my two brothers — have established. So proud to be a Saskatchewanian and see what's going on in the agricultural world for sure.

Some of the areas that I want to start questioning on, and I'll just give you some of the topics I'm interested in, and certainly crop insurance and business risk management, so I'll want to talk about that a bit. I'm very curious about irrigation and sort of, you know, where it's been and the future direction for irrigation and how it fits in in the budget process. I will have some questions on the animal products identifier Act and some of the inspection goals of the ministry, and then just some general questions on some of the financial documents that I've been able to look through a little bit, some casework that I've been dealing with in that those touch on things like crop

insurance and the new leasing fees that were introduced this year. So that's kind of the general area that I'd like to go tonight.

So I think I would like to start with irrigation if we can, and I have a few documents related to irrigation but if, Mr. Minister, if you could start by explaining where in the budget the irrigation expenditures fit in because I couldn't find them this year. And there seemed to be, there used to be a line for irrigation and water infrastructure. So if we could start with that, if you'll point me in that direction, I appreciate it.

Hon. Mr. Stewart: — Thank you for that question. And irrigation has been combined under the heading, regional services (AG07). And if you turn to page, it's 160 of the book, it's detailed. It's split out and comes to a total of \$9.568 million.

[19:15]

Ms. Sproule: — So that is the same as last year's budget. Basically it's the same amount, isn't it?

Could you sort of break down how that money is spent then, that basically \$10 million? It seems to be an annual expense. It used to be \$13 million back in 2008, so it's actually gone down a little bit.

Hon. Mr. Stewart: — Yes. The number that I quoted you, 9.568 million, is a restatement of last year's. The new budget is less and it's less because of the transfer of irrigation assets to the Water Security Agency. The new number is 4.869 million and that money will be used to support our staff at Outlook, some irrigation extension, and testing land for its suitability for irrigation and so on.

Ms. Sproule: — Okay. Thank you. I actually was at Outlook on Sunday and had a look at, drove through just to see the dam and the irrigation structures there, by chance. And it's quite a marvel actually when you look at that particular . . . I think it's the third largest dam, that type of dam, in Canada. Anyway, how many staff are in Outlook right now then?

Hon. Mr. Stewart: — 20 full-time equivalents.

Ms. Sproule: — So on page 160 where you state there's 27.5 FTEs [full-time equivalent], that's basically the Outlook staff then, generally. That's fine. I'm just interested in the work with the Water Security Agency. I'm also now the critic for that as well, so I will be asking questions of the minister. The environment is on these.

But what is the relationship now with Agriculture and the Water Security Agency when it comes to irrigation projects? Has it changed over the last year with this transition of funding?

Hon. Mr. Stewart: — Well it's changed some with the transfer of some assets to the Water Security Agency, but Agriculture is responsible for the irrigation piece. The M1 canal and the supporting equipment for that supplies potash mines and domestic water for various communities and so on as well as irrigation, so it seemed appropriate that the Water Security Agency should take over operation of that piece of infrastructure. Apart from that, Agriculture is responsible for

irrigation and the Water Security Agency is responsible for pretty much every other water use in the province.

Ms. Sproule: — And that was sort of some questions I was going to ask because I just received a copy of the order in council 181/2013 which was the agreement between Agriculture and Water Security — whatever they used to be called, Watershed Authority carrying on business as the Water Security Agency — on the rehabilitation of the M1 canal.

And my question at this point is, can you just tell me a little bit about that canal, where it's located? And I assume this is part of the water supply now for the potash mines, if I'm correct. So where is it located, and how is it used by the ministry?

Hon. Mr. Stewart: — It's a 22-kilometre canal that runs from Broderick to the Saskatoon Southeast water supply system, which is in the vicinity of Saskatoon, and it includes municipal, industrial, agricultural, recreational, and environmental customers along that route.

Ms. Sproule: — Thank you. I know that PFRA [Prairie Farm Rehabilitation Administration] has an extensive irrigation system as well. And I know over the years they're devolving; that's part of their plan. Are you taking on any of those assets as well under Agriculture?

Hon. Mr. Stewart: — We're not planning to. We're still dealing with the irrigation districts and groups that operate those and the federal government, that there's no final plan in place as of yet, but negotiations continue.

Ms. Sproule: — I guess another order in council that I am somewhat interested in is 167/2013 which was ordered on February 7th. And that's where the Minister of Agriculture and the Minister Responsible for SaskWater entered into an agreement — I assume that's been entered into now — where Water Corp is transferring irrigation assets and agreements to Agriculture. So is that . . . Can you tell me a little bit about that?

Mr. Burton: — If I can answer that question — it's Rick Burton; I'm the assistant deputy minister— that was cleaning up the paperwork really for a transfer of responsibility of the irrigation assets and the canal and the East Side pump station from Sask Water Corp to the ministry back in 2006. The paperwork just got done and then there was, the follow-up order in council was the transfer of the M1 and the East Side pump station from the ministry back to the new Water Security Agency.

Ms. Sproule: — I'm not sure if I have the right agreement, because this one is relating to Luck Lake water supply and Riverhurst project. Is that still part of the same . . .

Mr. Burton: — Yes, that was all of the irrigation districts, the ones that were held by SaskWater. Those, along with M1 and East Side pump station, were transferred to the ministry, and then we subsequently transferred the M1 and the East Side pump station to the new Water Security Agency because those are multi-use facilities.

Ms. Sproule: — And you kept jurisdiction and ownership of all the ones that are mainly irrigation?

Mr. Burton: — Correct.

Ms. Sproule: — Okay. So in this list of contracts and agreements there's a number of individuals and operation agreements with, I assume people who are using the reservoirs for their farming operations. Is this all of them in Saskatchewan or is there a lot more than that?

Mr. Burton: — Those would be the ones, the districts where the assets were owned by SaskWater and were transferred to the ministry. That would be all the ones that are under the provincial jurisdiction at this time. There would be federal districts; there were federal assets.

Ms. Sproule: — Okay. I guess the other question in relation to irrigation then is, what sort of modelling or planning for drought, and like what kind of science are you working on right now or have you got under, within the department's control? Or in terms of forecasting — and I know what weather forecasting is like, but given, you know, what we know about climate change and likelihood of drought — do you have full-time researchers looking into that within the ministry or is that . . . because water is such a precious resource, and we know how important it is to farming?

Hon. Mr. Stewart: — I don't think we do. I think generally we rely on Environment Canada for weather forecasting. That's not something that we spend a lot of time or money on in the ministry, but it would seem redundant if we did. But we're certainly closely tuned to Environment Canada's forecasts and weather trending and so on.

Ms. Sproule: — I'm certainly concerned about some of federal moves we see recently to reduce the amount of scientific research that's being done, or muzzling or however you want to describe it, some of the work that's being done there. So that's of concern. But you have what's available, and I guess you would use it.

It's a bit weird to be talking about drought when it's minus 2 and there's this 5-foot snowpack, but I know that living in Saskatchewan, that's what we're about. And I just am reading a book called *Men Against the Desert*, which describes sort of all the amazing science that the government did in those days in terms of saving the land, basically, in the 1930s from the dust bowl in the dirty thirties. So just curious about the kind of work that the ministry is looking at there.

I know you have a huge investment in research and development. So I was wondering — and I will have more questions about that later — but just wondering, in relation to water and irrigation, was just wondering what the sort of long-term plans of the ministry are, if any, other than maintaining the infrastructure that you have.

Hon. Mr. Stewart: — Yes, a good question. A lot of the research that we do within the ministry and within the province under sometimes the supervision of the ministry has to do with developing varieties that are more drought-tolerant and drought-resistant and more efficient users of nutrients as well as water. And of course we have the U of S [University of Saskatchewan] water security Chair, and the Water Security Agency has engineers on staff that we work with fairly closely.

And so, you know, between those resources and what Environment Canada can offer us, I think we're where we need to be.

Ms. Sproule: — And that just raises a bilateral question for me in terms of the water security Chair and the food security agency. Is there any sort of joint work planned with those groups yet? I know food security is just getting up and running.

Hon. Mr. Stewart: — No, it may very well happen, but there's no planning around that at this point.

[19:30]

Ms. Sproule: — It just seemed like a natural connection at some point, but got to get the food security up and running.

That was the last question I would like to ask I think on Agriculture at this point is about revenues. Does the ministry earn money from any . . . Is there licensing involved with irrigation? Are there assets that you rent out? I want to ask more questions about the ministry's revenues but that's one of the questions I'm interested in.

Hon. Mr. Stewart: — The main revenue line under irrigation would be the reimbursement from the irrigation districts to cover the costs of operating the districts. The way it operates now is we pay for the operation of the districts but the irrigation districts reimburse us what it costs to do that work. That would be the main revenue line.

Ms. Sproule: — I'm sorry, is that an in-and-out then?

Hon. Mr. Stewart: — It's revenue neutral, really, but it'll show up as revenue.

Ms. Sproule: — Okay. And the irrigation districts, are those the federal ones we were talking about earlier?

Hon. Mr. Stewart: — No.

Ms. Sproule: — The provincial ones. So the individual operators then, they would get a licence? Or I don't know how they get permission to irrigate, but it would be through the irrigation district then? Like if I wanted to get into irrigation?

Hon. Mr. Stewart: — We do generate some revenue from permitting of lands, new land that's to be irrigated. We do the testing on that land and charge the irrigators for doing that work. That's a revenue line. Also, irrigators pay for water through the water agency, but that doesn't really affect our budget.

Ms. Sproule: — Then I guess that was . . . I pulled out something called *The Irrigation Amendment Regulations, 2013* and it seemed to be setting a fee. This came out on April 4th. Wow, that's pretty fresh off the printer. And it looks like that's order in council 189/2013 passed last week. And it says that there's a fee for an application and soils investigation fee. So I think that's what you're referring to. And my only question there was, what's being investigated?

Hon. Mr. Stewart: — Oh, there are soil tests are taken to

ascertain whether or not the soil is suitable for irrigation. Whether it contains high levels of salts is the main issue. And there's also water testing of any groundwater in and around the area to at least establish a baseline so that there can be no issues around polluting that with salts that wash through soil and so on.

Ms. Sproule: — I think that's it for irrigation for now. Maybe for good.

Okay, now I'm going to just jump right now to . . . for other revenue streams, and I don't know where to find your revenues in the Estimates. I did find them from Public Accounts last year. There was a summary of the 2011-12 revenues, and I could focus on those unless you have more up-to-date numbers for me or can direct me to your revenues in the budget materials, but I don't know where they are.

Hon. Mr. Stewart: — We don't actually publish a total Ag revenue number but the biggest, probably, or one of the largest would come from sales of Crown land to farmers generally. Well I guess the largest of all would be federal government transfers for programs and also, oh, collection of fees such as irrigation, ones we just discussed.

Ms. Sproule: — If it's okay then I will refer to the revenues that were listed in Public Accounts from 2011-12. I don't know if you have that with you. It's on page 10 of the revenue detail.

My first question is would you have up-to-date numbers for, you wouldn't have them yet for '12-13, right? No way. Okay. So if I could just focus on those for a little while. Give you a chance to locate it. Did you find it? I think it was volume 2. I don't have the book with me. I just have the . . .

So the first line is transfers from government entities and that says \$25 million. So what would that entail?

Hon. Mr. Stewart: — That would be transfers for federal government, federal-provincial programs.

Ms. Sproule: — So this is risk management. But there's a bottom line too, transfers from the federal government.

Hon. Mr. Stewart: — This would probably be non-business risk management programs such as water market development, all of those, the list of programs that we're just about to announce for the coming . . .

Ms. Sproule: — Is there any way of getting a breakdown of that revenue line or do you have a more detailed . . . Or is it just the big number?

Hon. Mr. Stewart: — Yes. I apologize. We don't have those numbers with us, but we'll attempt to try and get them this evening, and if not this evening, very soon.

Ms. Sproule: — I appreciate that. Thank you. And whenever you can get them. I'd just like to see . . . I'm finding it hard to understand the breakdown of a lot of these numbers because they're just like . . . \$25 million is a lot of money, so where is that coming from?

So interest, premium, discount and exchange was half a million dollars; other licences and permits was 700,000; and then sales, services and service fees, and that you would say is likely mostly sales of Crown land, \$47 million, pretty much; and then other revenues, 18 million. Like, that seems like a lot. Do you have any idea what kind of funds are coming in there?

Hon. Mr. Stewart: — I'll try and get that with a breakdown, yes.

Ms. Sproule: — So we'll just leave that for now then. And just so I understand correctly on the budgeting side, these types of revenues go into the General Revenue Fund, correct? And so that just goes right in there and then when it comes to budgeting, you're looking more at the expenditures and whatever you make just goes into . . . because it's, it looks like \$144 million that comes into the ministry, or did. I just want to understand where it's coming in and where it's going out. Okay.

So yes, I would look forward to just more detail or whatever detail you can provide in relation to those revenues. And we don't see the final results. I suppose Public Accounts doesn't come out until like December. Is that generally when it comes out? Yes. So I'll wait for this year's, yes. Okay.

The next question I have, and this relates to some, I guess, forgone revenues, it's on page 60 of the budget summary and just . . . There's three that I'm interested in, more in terms of how they're accounted for. So on page 60 we have different tax expenditures, the tax expenditure accounts, and there's three I'm interested in. One is for farm machinery and repair parts; that's no. 4 on the exemptions. No. 5, fertilizer, pesticide, and seed on the exemption side. And then the fuel tax exemption for farm activity on the middle part of the page, no. 1. And I'm just curious first of all if you could explain to me, do these show up as an expense anywhere in your budgeting because it's forgone revenue?

Hon. Mr. Stewart: — Those entries that you mention would be revenue to Finance, not Agriculture. The forgone revenue on farm equipment parts would be . . . There is no PST [provincial sales tax] on those and the same with farm fuel. There is some forgone revenue there, but it's Finance, not Agriculture.

Ms. Sproule: — So it's not seen as an expense on the ministry's part although it's directly related to farming and is revenues that aren't coming to the government.

Hon. Mr. Stewart: — Correct.

Ms. Sproule: — I guess one of the things I would ask about that then and probably moving into a little more political realm here is, what's the view of the ministry in terms of the . . . what is that, 200 . . . over \$300 million that do not come in to the government's, the GRF [General Revenue Fund]? So this is really a grant to farmers. Is that how you would characterize it or . . . Yes I guess I will leave it at that for now. Would you characterize this as a grant for farmers?

Hon. Mr. Stewart: — No, it's forgone potential taxation. In any event, we haven't ever characterized it as a grant, but it's tax that could be but is not collected.

Ms. Sproule: — That's a significant amount. And I just wondered, has the minister ever considered requesting that these revenues not be forgone in order to level the playing field for other industries or is this seen as an advantage for farmers that the ministry would say is . . . Obviously they're still here so you must think they're fair advantages for farmers. Has there been any discussion of changing that at all?

[19:45]

Hon. Mr. Stewart: — From time to time in my time on the Treasury Board, it came up, but it was always deemed to be fair game. It gives our farmers, puts our farmers on a level playing field generally with farmers in other jurisdictions, and so that we can compete with our neighbours both within Canada and certainly in North America.

Ms. Sproule: — Yes, I guess that's something we might compare to the film industry here where they were on a level playing field with other provinces until that tax exemption was removed. And I won't ask you for comment on that, but I'm just making that observation at this point, unless my colleague has any further questions on that.

A Member: — It has nothing to do with agriculture.

Ms. Sproule: — It has nothing to do with agriculture. The Chair has ruled.

In terms of fair game, I know, Mr. Minister, you've been on the record, particularly with things like with the fees that will be charged for the community pastures in terms of fair market value, and you're saying producers are at a point — and same with the Indian Head tree nursery — that producers are doing well in Saskatchewan and they should be paying their share. So how does that jive with these kinds of exemptions that farmers can take advantage of for taxation?

Hon. Mr. Stewart: — Well, you know, as I said, these forgone taxes are not excessive at all when we compare our producers to our neighbours both in Canada and North America. These things are done to attempt to keep our farmers on a level playing field with our competitors.

Ms. Sproule: — And how does that square with international trade agreements like NAFTA [North American Free Trade Agreement] where we're basically undertaking, if I understand them correctly, we're undertaking to not give advantage to our local growers?

Hon. Mr. Stewart: — Well I think that it's . . . NAFTA would agree that we're not giving undue advantage to our local producers. We're attempting to stay on a level playing field, and in some cases try to catch up with the forgone taxation in other jurisdictions.

Ms. Sproule: — It's a tricky minefield.

Hon. Mr. Stewart: — That's why agricultural pieces are always the last and most difficult to negotiate in these international treaties.

Ms. Sproule: — I guess it's through PNWER [Pacific

NorthWest Economic Region] you would know more about that now too, is sort of the kinds of negotiations that are going on.

Did you have your hand up, Herb? No, okay. I really want to question . . . No, just kidding.

Okay, let's move on to the next item on, in no particular order, I'm still looking at Public Accounts from '11-12 because I don't have them for this year. So this is just the list of various expenditures, I think over 50,000 or more that are on page 51, 52, and 53. Just have some questions about some of the agencies or groups or projects or research projects that are listed there. And just give me a quick highlight on what some of these expenditures were about. So project coordination under research and technology, so this is the vote (AG06), Ag-West Bio. Could you just give me a one-sentence sort of, what kind of project?

Hon. Mr. Stewart: — That entry is our core funding support for Ag-West Bio, which provides scientific support for our research cluster around the U of S.

Ms. Sproule: — Can you tell me a little bit more about that research cluster?

Hon. Mr. Stewart: — I think I'll call on Mr. Burton to do that.

Ms. Sproule: — Sure.

Mr. Burton: — Thanks. So we have a multi-year contract with Ag-West Bio. And that would be the annual payment in that year, and that provides the support for Ag-West. And Ag-West provides support for the whole science cluster in Saskatoon, primarily around the University of Saskatchewan, so marketing of the services that are available in Saskatoon from a science and biosciences area. Also provides support in terms of some of the regulatory issues that new businesses may come across on a science front — intellectual property, those type of issues. And they provide support for, as I said, small businesses working, primarily upstart businesses in the area of new science, and also do some project coordination.

Ms. Sproule: — Yes, I guess that's the heading for that whole area. There's six different groups then that are receiving it. Would this be core funding for all of those groups that are listed there then — Northern Vigor Berries, Conservation Learning Centre?

Mr. Burton: — I don't know about Northern Vigor Berries. Conservation Learning Centre, Food Industry would be.

Ms. Sproule: — Are these all in that cluster you were referring to, or is it different areas of the province?

Hon. Mr. Stewart: — No, they would not be. They're spread around the province.

Ms. Sproule: — I might go back to, then, individual questions on each of them. Because I thought maybe we could cluster them into a cluster, but they're not clustered . . . [inaudible interjection] . . . Sure.

Mr. Burton: — So some of them are agri-ARM [agriculture-applied research management] sites around the

province, and agri-ARM sites are demonstration sites. And so the Conservation Learning Centre is at Prince Albert. That's some support that would have been provided to that agri-ARM site. The Western Applied Research Corporation, again that's . . .

Ms. Sproule: — Sorry, you said agri-ARM?

Mr. Burton: — Agri-ARM.

Ms. Sproule: — What is that?

Mr. Burton: — It's . . . ARM stands for agriculture, research . . . I'll have to come back to you.

Ms. Sproule: — Yes. Okay. So it's . . .

Mr. Burton: — Basically they are agriculture demonstration sites. They're producer-driven demonstration sites, and they all have a producer board of directors that drives them. There's eight around the province. The food centre, Saskatchewan Food Industry Development Centre, is another one there, and again it's our core funding support for the food centre which is in Saskatoon on the university campus.

Ms. Sproule: — And then Western Applied Research?

Mr. Burton: — Yes, that again, that's an agri-ARM site. And that one is at Swift Current. And agri-ARM stands for applied research management.

Ms. Sproule: — Thank you. And I do have to ask: Northern Vigor Berries. Sounds amazing.

Mr. Burton: — We don't have the details of that one with us tonight, but we believe it's an agri-value. Under the agri-value program, it was payment under the last payment of a multi-year contract that was provided to that company.

Ms. Sproule: — And agri-value, is that one of the Growing Forward programs?

Mr. Burton: — It was a program that preceded the Growing Forward program.

Ms. Sproule: — Okay. All right, research programming. I'm not going to ask a number of detailed questions on that. I assume these are just part of the large research component of your budget. My colleague might have some questions about bees later, but we'll see how my energy holds up here.

So 10 million to the University of Saskatchewan. Can you just sort of give me a breakdown? I know that the Prairie Swine Centre is part of the university on the previous page, but you've got 10 million going to the U of S. Is that basically . . . Where does that go?

Mr. Burton: — So the \$10.4 million with the University of Saskatchewan, that would be a combination of all of our research support that went to either colleges or researchers at the university or affiliated with the University of Saskatchewan. So things like our Crop Development Centre support for scientists or any project funding support for them.

Ms. Sproule: — Do you have any sense generally about how many of your research dollars are tied to private sector dollars? Like how many of your programs require private contributions?

Hon. Mr. Stewart: — There is substantial leverage with some of these research projects. And we don't have a total dollar figure, but generally we lever three to four times the government investment from private and other sources. And oftentimes the other sources are commodity groups that are interested in the research that's being done.

Ms. Sproule: — Would that be like the canola growers or . . .

Hon. Mr. Stewart: — The canola growers, the barley growers, flax growers, and so on.

Ms. Sproule: — When you say three to four times, is it the government investment is at three to four times or the private sector?

Hon. Mr. Stewart: — The private side is three or four times, yes. Which makes the government a pretty good investment usually.

Ms. Sproule: — Okay. I just lost that question, darn. Maybe it will come back to me. I just had another question, but it's left for now.

Okay then, moving into vote 7 on regional services, can you just tell me . . . The big figure there is \$11 million for ADD boards [agriculture, development, and diversification boards]. What is ADD?

Hon. Mr. Stewart: — Yes, that is under the Provincial Council of ADD Boards, primarily for the delivery of environmental funding for producers.

Ms. Sproule: — Could you elaborate a little bit more for me, please?

Hon. Mr. Stewart: — I'll get some help on that, but some things that come to mind is ensuring that runoff from cattle feeding sites doesn't get into waterways, moving watering sources for livestock away from riparian areas, that sort of thing. I think that's the gist of the type of programming that it is.

Ms. Sproule: — I'm sorry, what did ADD stand for?

Ms. Koch: — It's Alanna Koch. That stands for agriculture, diversification, development boards. It's an old term that was established back several decades ago and it's a term that's just historically stuck. And so this Provincial Council of ADD Boards is really just an umbrella organization that sort of banded together what used to be fairly active ADD boards.

Ms. Sproule: — So the boards themselves may not be active, but were they local boards?

Ms. Koch: — Yes, they were a local structure of farmers getting involved in these diversification and development boards. Some still remain, you know, fairly active and some not, but there certainly is this provincial umbrella group that

would, you know, represent a broad cross-section of the province. And that was who was delivering this programming for us under Growing Forward.

Ms. Sproule: — So as far as an individual producer then, would they just have a . . . is there a form to fill out? Is this a granting type of agency?

Hon. Mr. Stewart: — So it was the farm stewardship program which was a carry-over from the agriculture policy framework, and it was available under the Growing Forward program. And so there was an application form that they would submit to the Provincial Council of ADD Boards. They administered the program, overseeing the project that the producer would be doing, and then they would provide the funding to them and claim the funding back from province.

Ms. Sproule: — Now I did remember the question I wanted to put to you on the university research side. I met with the president of the University of Saskatchewan earlier last year, I guess, and we were talking about sort of the direction for research and development from a pure science or university perspective. And one of the concerns she had, I think from a university perspective, is that when you're doing research that's tied to private dollars, there's usually a close-to-market kind of research where whatever the product is is something that hopefully can be commercialized very quickly because most private investment is interested in that. I mean that's a natural affinity for them.

But from a university perspective she said, you know, their responsibility is really to do the ideas that are 20 years away from any kind of commercialization or just really the free sort of science and thinking. And I just wonder, is there any sort of support for that pure research coming from the ministry, or is that something universities are on their own for?

[20:00]

Hon. Mr. Stewart: — Yes. We do provide some funding through support for our research Chairs and so on. Certainly there are other agencies within government, other ministries, particularly Advanced Education that is more engaged in that sort of research than we are.

Ms. Sproule: — Thank you for that answer. That's good.

Crown land management is the next vote. And I may revisit these votes later, but I'm kind of venturing into general questions on these votes as well, so forgive me if I'm rambling a bit.

I do want to touch on the leasing programs in both the grazing and farming and just have a few general questions about your leasing. The first question is, how much land is being leased under grazing? And then how much land . . . I'm curious in sort of the old land bank land, and how much is left, and what sort of the ministry's program is there in relation to those lands. So first of all in grazing, how many . . . I don't know if you have it in terms of acres or quarter sections or sections.

Hon. Mr. Stewart: — About roughly, in round numbers there's about 700,000 acres of grazing land and . . .

A Member: — 7 million.

Hon. Mr. Stewart: — I'm sorry, 7 million, and about 300,000 acres of farmed land.

Ms. Sproule: — And of the 7 million acres of grazing, is that all individual leases, or does that include your community pasture program?

Hon. Mr. Stewart: — It includes our pasture program.

Ms. Sproule: — How many acres in the community pastures?

Hon. Mr. Stewart: — 800,000 acres.

Ms. Sproule: — 800,000 community pasture which leaves about 6.2 million for individual grazers.

I'm going to venture into a particular case file that I know we've had discussions on a little bit and it's with regard to your policy on family . . . What's the word Starts with an A. Not assimilation. Assignments. There it is. When a family is farming or grazing Crown land, the current policy — and I know Mr. Hoehn; I've had contact with him on this — but it deals with direct . . . I think the word is direct family descendents. And in this particular situation we had a gentleman who started farming or started renting these lands, grazing, 70 years ago. And when he passed away, he was able to devolve that to his sons. So he had a number of sons and there were four brothers who have been farming . . . There is now four brothers farming what their grandfather started. So as the family goes down the line, one of the brothers passed away and because of the policy, the other brothers aren't seen as direct family connections. Wally, I know you have the terms in front of you. I don't have the policy in front of me.

So I'm just wondering. This seems unfair in that particular circumstance that there isn't a recognition of the generational aspect of this because if you think about it, if a farmer devolves his or her land to their children, which they can through the policy, they can assign their lands to their children. But now you've got brothers farming and they can not, between themselves, have any relationship. My question is, why is the policy that strict in that particular circumstance or is there any ability to recognize the intergenerational aspect of this? Because it seems unfair that once you get down to the grandchildren stage, there is no more connection.

Hon. Mr. Stewart: — I believe that this is a long-standing policy, but I think I'll turn this over to Wally Hoehn for more detail.

Mr. Hoehn: — Wally Hoehn, executive director, lands branch.

On that particular case, in the situation you describe or the transfer of land down through brothers, if that land was formerly held by the father of those two brothers, it would be assignable between the two brothers. But in that case, the land was acquired through a public allocation in which case there was really no tie from that land originating from either the father or the grandfather.

Ms. Sproule: — That's the particular land that the deceased

was leasing?

Mr. Hoehn: — Correct.

Ms. Sproule: — And if there was, if there had been a connection to the grandfather that had been broken, you wouldn't be able to recognize that then? Because my understanding is that the grandfather did have some ties to the land of the deceased, but I don't have all those facts in front of me.

Mr. Hoehn: — Sure. Actually no, our research shows that there was no ties to the grandfather. In fact, it was an uncle that originally had it, who surrendered it, and then it was advertised for public competition. And the brother, the deceased's brother, acquired it through a public competition.

Ms. Sproule: — Which, of course, the current brothers can do as well, right? There will be a public competition for that land. Yes. Okay, that's that one. Thank you.

Just one minute. I'm going to check my notes for the other one and find it.

The other question I would like to talk a little bit about is the land bank lands and the 300,000 acres that you are currently leasing for, I understand, grain. Is it mostly grain production? So how much of that 300,000 acres would be land bank land? Do you know off the top . . .

Hon. Mr. Stewart: — The vast majority of it. In excess of 90 per cent, I'm informed.

Ms. Sproule: — And those are generally very long-term leases, are they not?

Hon. Mr. Stewart: — Generally, the land bank leases ran till age 65 of the lessee.

Ms. Sproule: — Oh, is that right? And can they renew at 65?

Hon. Mr. Stewart: — Yes, if they're still alive.

Ms. Sproule: — Exactly. Hanging in there. Okay. I would like then at this point to move to the fees and charges changes that have taken place recently, I think starting in January. Is that when . . . I'm referring to the changes . . . I believe this was posted on the web page, but it says changes to fees and charges, 2012-13, and they're relating to a number of fees in Agriculture. There is other ministries as well, including the honey bee screening fees.

So the first question I would like to ask about that is in relation to the cultivation lease formula. So the column says that the 2012-13 amount will be \$2.1 million. Is that new money or is that the total of the lease fees including the . . . Sorry. Do you have what I'm talking about? I have last year's? I'm sorry.

If it's okay with you, I will try and get a updated copy so I can have my staff . . .

Hon. Mr. Stewart: — I have this year's numbers in front of me. The updated cultivation lease formula's 4.6 million for

2013-14.

Ms. Sproule: — And is that new money over and above what you collected last year?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — The increase?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. I just want to focus on that for a little bit. I had a farmer call the other day and he's been leasing for many, many years. He's a mixed farmer so he has a cattle herd as well. And because of BSE [bovine spongiform encephalopathy], he lost \$280,000. Then the drought was a double whammy there. He was not able to get assistance from AgStability. His cattle inventory is now pretty much decimated.

A series of really bad luck stories for this particular farmer. Crop insurance, he got hailed out 100 per cent in 2007; couldn't afford hail insurance, he only had crop insurance. His original herd was 125 cows. He's down to seven now. So he's just starting to, in his view, be able to recover from a number of these things and then he got his fees for his land this year and it's almost double. It was 11,800 last year and it's going up to \$19,000. So he's now paying \$60 an acre, including taxes, just to be there and to try and get a crop. He is over 65 and he can't retire. He just really is in a tough spot right now. And so his question is, why have his land fees almost doubled this year?

Hon. Mr. Stewart: — Well agriculture has never been as profitable as it is, particularly grain farming, as it is right now. And until this year our lease or rental rates lagged far behind the market. And with these increases that we were talking about, we're getting back in the ballpark or close to market, although I'd say on the low side still. If this fellow is paying \$60 an acre, he must have some fairly good crop land because the average for cultivated land across the province I believe is \$33 an acre. Is that correct? . . . [inaudible interjection] . . . Thirty-three dollars an acre, which is a fraction of what, you know, is paid in the private market for good quality farm land for sure.

Ms. Sproule: — Yes. I don't have all the facts in front of me. I know that \$60 includes the taxes, his property taxes, which I assume they would pay to the RM [rural municipality] for those Crown lands. Yes. And it may be the calculation, because although he's leasing four quarters, he's only farming three, so because one quarter is basically under water or there's cut-off lands. So it could be, in terms of the calculation, it's being affected that way.

Yes, I know he's not the only one, and I have heard from other farmers as well. Just the rates seem to be considerably almost punitive this year, and I don't know what the hurry is in terms of catching up to what you are referring to as the fair market.

Hon. Mr. Stewart: — They're not punitive. They're still on the low side of market value. But granted, it is a fairly substantial increase all at once, but it's been a fairly substantial rental holiday for a very long time, too.

Ms. Sproule: — Rental holiday.

Hon. Mr. Stewart: — Rental break. Put it that way. It's not a total holiday.

Ms. Sproule: — It's never a holiday when you're a farmer, that's for sure.

So the increase this year is 4.6 million. Last year it was 2.1 million. And I would imagine you've heard from farmers as well on these increases. And I guess, you know, although you're describing it as a break and that things are really, farming is never as profitable as it is now, I think you can appreciate the number of things that farmers have encountered including, you know — especially for mixed farmers with small herds — the BSE crisis and then drought and then flooding and, you know, how all that is going with crop insurance. So it may be profitable for some, but I think there are lots that are still really struggling.

Hon. Mr. Stewart: — Yes. In fairness, I'm reminded that our lessees were prepared for this two years back when we announced that we would be going to commercial or market values for the leases. So although there's a large increase this year, they would've known that it was coming.

[20:15]

Ms. Sproule: — Okay, now for the grazing. Has there been a similar change on . . . not the community pasture grazing fees, but have there been increases on the grazing fees that are comparable? Or what is your feeling about the market value for those fees?

Hon. Mr. Stewart: — Grazing rates on the leases to private individuals actually decreased this year because of the formula that the ministry uses to determine, you know, the profitability of the cow-calf business.

Ms. Sproule: — And that's adjusted annually by regulation, basically?

Okay, just to move on then to the community pastures increases. What's the figure for this year for that change?

Hon. Mr. Stewart: — The total additional revenue would be 1.7 million, which amounts to 14 cents per cow per day and \$10 per calf per the entire grazing season.

Ms. Sproule: — That's the increase or the . . .

Hon. Mr. Stewart: — That's the increase, yes.

Ms. Sproule: — And what were they paying before last year per cow?

Hon. Mr. Stewart: — Fifty-two cents per cow per day and \$25 per calf for the season.

Ms. Sproule: — You've lowered the calf down to \$10, is that . . . Oh it went up 10, so it's 35 now. Okay. Right.

So I got a call from a farmer who's one of the community

pasture patrons for the province. And his concern first off was that on December 13th at their patrons' annual meeting, they specifically asked the regional manager, Galen Loy, if there would be an increase and he said no. And then on January 2nd they got a letter showing that the prices were going up to 66 cents. So I'm just advising you of that situation and it was, you know, he felt basically that that was deceptive for Mr. Loy to represent that there would be no changes, and that in fact the letters were being drafted probably at the time. So I'm just going to leave that with you for now and you don't need to comment or . . . unless you want to.

So then he's looking at the 66 cents now per cow per day and he gave me the sort of the increase. In 2009 it was 38 cents. It didn't change in 2010. In 2011 it went up to 45 and in '12, 52; and now in '13, 66. So it's almost doubled in five years. And I think he did contact your office, Mr. Minister, and basically the response he got is that land values have gone up. So have they actually . . . Are you basing these land value appraisals on the private market? Is that how the ministry determines the value of these lands?

Hon. Mr. Stewart: — That is how land values are determined, but there are other factors at play too. Lease rates had been intentionally kept low despite the fact that they were well below market to allow producers some time to recover from BSE [bovine spongiform encephalopathy] and so on. And so when cattle prices began to improve, I guess now a year and a half ago, it was determined that the industry should be able to handle getting closer to market value.

Ms. Sproule: — One of the points both of these farmers raised was that a lot of these changes are having a more serious impact on smaller to medium-sized operations who simply don't have the cash flow or the access to capital that larger operations would have. Are there any concerns on the part of the ministry of the impact, the more negative impact these fees have on the smaller operations? Or would your view be, if you can't stay in the business, just let the bigger operators do it?

Hon. Mr. Stewart: — Well no, we wouldn't take a view as callous as that. We want everybody to stay in the business that can. But you know, I think that smaller producers may feel that it affects them more than the larger ones, but if you were to ask a larger one, they would probably feel differently about it.

We believe these rates are fair and certainly well within the range of the private sector and arm's-length private sector transactions. So you know, it's one thing to subsidize one group of producers but, particularly when they're a small minority of the total cattle producers in the province, it's really not fair to the majority either. So there's a fairness aspect to it as well.

Ms. Sproule: — I'm not sure I understand that this . . . The minority is the smaller operators? Is that what you're saying?

Hon. Mr. Stewart: — The minority are the users of the provincial pastures.

Ms. Sproule: — As opposed to private. Okay. I guess when we're talking about fairness, I have not heard from the larger producers. They're certainly not calling and complaining to me in my critic capacity. I am hearing from the smaller producers

and so it seems that's the evidence I have. It's not huge numbers, but I know that one of my colleagues here was also contacted by one of these farmers, I think on the community pasture call, and it's his constituent. And there's a certain frustration, I guess, on the part of the individual that this is really punitive and will push smaller operators out of business. So again, I'll leave that with you. There's not really a question there, but it's certainly observations that people have been making to me in my capacity as critic.

So I guess the other question then before we leave the pastures, the provincial pastures, is . . . and just for on the record, are there any plans on the part of this government to get out of the community pasture business on the provincial side?

And the reason I ask that is one of these individuals said that one of your colleagues, who's an MLA that he spoke to, said that there's plans to get out of the community pasture business. So you may want to speak to your colleagues and get it straight, because there's some concerns about that. Because as you know, the value of the pastures to the mixed operations is incredibly important.

So we know what's going on on the federal side, and I won't have any particular questions about that program tonight. I have questioned you enough on that program. But certainly on the provincial side I'm pleased to hear on the record that this government intends to continue those programs. Unfortunately if they are taken over by large operators, I'm not sure it's serving the purpose for which the program has the most impact — or the most benefit at any rate.

Seeing the hour, should we continue now while the delegation's here? Okay, Mr. Chair. Did you want to welcome them?

The Chair: — Thank you, Ms. Sproule. I just want to acknowledge we've got group, a delegation from South Africa who has come to observe our committee proceedings, and we want to extend a welcome to them and we'll certainly look forward to chatting with them later on and asking them for their views and impressions about how our committee structure works in Saskatchewan. So welcome to our South African delegation. Ms. Sproule?

Ms. Sproule: — Thank you very much, Mr. Chair. Just for the benefit of the delegation joining us, these folks are listening to my questions. I've been peppering them since 7 o'clock and we will want to take a little break at some point, but I'll carry on with my questioning for the next few minutes, and then when you're ready to leave maybe we'll take a little break just for me to catch my breath a little bit too and allow our ministry officials . . . And I don't know, Mr. Minister, did you want to introduce your officials at all?

Hon. Mr. Stewart: — We could certainly do that.

I have beside me, Alanna Koch, deputy minister of Agriculture. Nithi Govindasamy is the associate deputy minister. Rick Burton, assistant deputy minister of Agriculture. Shawn Jaques, president and CEO of Saskatchewan Crop Insurance Corporation. Ray Arscott, executive director, corporate services branch. Wally Hoehn, executive director of lands branch. Tom Swartz, executive director of financial programs branch. Jeff

Morrow, vice-president, operations, Saskatchewan Crop Insurance Corporation. Doug Billett, executive director, crops and irrigation branch. And Tyler Lynch, chief of staff.

The Chair: — Maybe we should just take a minute, if the Speaker wouldn't mind, maybe you could just introduce our delegation to the . . . As MLAs we've had the opportunity, but I know the staff here from the department to have that opportunity.

INTRODUCTION OF GUESTS

The Speaker: — I'm not going to try and pronounce all of their names, so I will introduce them as I know them by their first name or some appropriation . . . approximation of that.

So the head of the delegation that we have here with us is Peter. Peter is what we would know as the Deputy Chair of committees, but in South Africa in the Free State, he's known as the Chair of chairs of committees.

Next to him is Sindiswa, and you will be interested in this in particular. Sindiswa is the chairman . . . chairperson of their agriculture committee. So she would normally be sitting at the other end of the table querying you.

Sibongile is also a member. The three that I have mentioned are members of the government side of the House and Sibongile is the chairperson of the education committee.

Here we have Roy. There are four parties in the Free State legislature. The ANC [African National Congress] have 22 seats. The Congress of the People party has four and the Democratic Alliance has three, and Roy is the leader of the Democratic Alliance party. And they have one other party, the Freedom Front, I believe, which has one member.

Seated over here we have Hein, and Hein is a researcher with the legislature in the Free State. And they're here actually to observe the operation of our legislature, but in particular our committee structure. So they're looking at the operations of our committees, and they've already had a number of good suggestions, such as the ministers need to answer more promptly.

Hon. Mr. Stewart: — I'm doing the best I can.

The Speaker: — But it's very interesting, their observations of our legislature and in turn our querying them as to how they operate their legislature, so it's been a good learning experience for both of us. So I'm very pleased to be able to welcome the delegation here from South Africa, and hopefully we'll have the opportunity to visit their legislature and learn from them.

We have to recognize that their democracy as it exists today is very new. It's only been 20 years. So they were able to take the ideas from across the world to try to incorporate into their current system, and yet they're still working through and developing new procedures. So hopefully there are things that they can learn from us, but I know that there are certainly things we can learn from them as well. So I'd like to welcome them here.

The Chair: — And thank you, Mr. Speaker. And in the conversations of the delegates this afternoon, one of them asked me, when is the snow going to go?

I'll turn it back to Ms. Sproule.

General Revenue Fund Agriculture Vote 1 (continued)

Subvote (AG01)

Ms. Sproule: — Thank you very much, Mr. Chair and Mr. Speaker, for introducing our guests. And Sindiswa, if you have any questions you want to ask the minister, you can either come on and sit up here beside me or write me a note and I'd be happy to ask it on your behalf. And I do mean that. If you have a question, a burning question you want for our Minister of Agriculture, this would be a good opportunity to do that. He doesn't bite, so I'm sure we would get a good answer from him if you had a question.

I think right now I would like to move into business risk management and the suite of programs that it represents, and I just need to find my materials as well. And maybe I'll start with just the more recent developments with the GF2 or Growing Forward 2, the multilateral framework agreement, and even more recently the bilateral agreement that has been entered into.

And just, I think, on a sort of an introductory level if, Mr. Minister and your staff, if you could explain just a little bit about what you can tell us about Growing Forward 2 at this point, what's publicly available?

[20:30]

Hon. Mr. Stewart: — Of course the business risk management pieces — including AgriStability, AgriInvest, and crop insurance — crop insurance is left unchanged as far as the business risk management negotiations went between federal and provincial governments, and territorial governments as well. But AgriStability and AgriInvest have both been seeing some reductions.

In AgriStability, changes to the program include reduction from 85 per cent of margin coverage to now 70 per cent coupled with, on the positive side I guess, lower program fees.

AgriInvest is a decrease in matching funds from government, from 1.5 per cent to 1 per cent of allowable net sales; maximum matchable deposit of 15,000, down from 22,500 previously.

So those two programs have been reduced to some extent, and Saskatchewan was not necessarily supportive of that. But under the rules, if you're not onside with the other provinces and federal government in the business risk management programs, you're not eligible for the bilateral programming. And under the formula there were already considerably more than enough provinces in support of the changes to AgriStability and AgriInvest to carry the day. So we did what we felt was the prudent thing, and reluctantly at the eleventh hour voted with federal and other, all other provincial governments in support of

this.

Ms. Sproule: — Yes, I appreciate your reluctance. And I'm just curious as to why the other provinces agreed. Do you have any sense of that or was it just no option, felt there was no . . .

Hon. Mr. Stewart: — Well, large numbers of those provinces, supply management is their major agricultural income stability tool. And so these programs don't mean nearly as much to them as they do to us, but that doesn't explain all the provinces. And I'm certain I can't get inside their heads.

Ms. Sproule: — Fair enough. Thank you for that. It just seems strange that the federal government lumps that type of supply management scheme with what we have going on here. And it doesn't seem quite fair. So what is the federal minister's rationale for that?

Hon. Mr. Stewart: — I don't want to be misunderstood. I don't know if the federal minister lumps those pieces together, but it seemed that this change was driven primarily by the provinces that are have strong supply management sectors.

Ms. Sproule: — Okay. And that's the way it was, so, yes. I just want to be clear on the numbers here though. So then in the estimates we had for AgriStability, there was 81 million basically estimated last year. And that's taken a huge cut down to almost 29 million. So that doesn't seem to be a drop of 15 per cent. Can you explain the drop in funding, or why there's such a big decrease in the estimates?

Hon. Mr. Stewart: — That 15 per cent is a cut in the reference margins, but that translates into far more than 15 per cent of the value of the program.

Ms. Sproule: — So the cut that we see in the estimates, is that 100 per cent of the federal cut or is the province adding, topping it up at all? So would it have been more significant if the province hadn't reacted or have you reacted to that?

Hon. Mr. Stewart: — We've reacted by contributing the same percentage to the program as previously.

Ms. Sproule: — So the provincial contribution has remained stable and this represents the decrease in federal contribution, basically?

Hon. Mr. Stewart: — No, no, there's a decrease. I'm saying we've maintained the same percentage of support. That's what I meant to say at least. There is a decrease for the province as well. But it's either that or backfill the federal withdrawal, and that we're not prepared to do.

Ms. Sproule: — So the decrease in the provincial portion, can you explain that a little bit?

Hon. Mr. Stewart: — The provincial portion is 40 per cent of the cost of the program, and the federal portion is 60 per cent.

Ms. Sproule: — I'm not sure I understand. Let's say it's \$100. Is the program 40 per cent? The provincial portion would be 40, and you said that decreased. No?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Yes.

Hon. Mr. Stewart: — The percentage didn't decrease, but the number, the dollars.

Ms. Sproule: — The total package is decreased.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — *Ergo* the 40 per cent decreased. Okay. Slowly, slowly we'll get it. And in AgriInvest, it's a similar story then. It's now down by 10 million.

Hon. Mr. Stewart: — 10.2 million.

Ms. Sproule: — Can you explain how much of that is a federal drop, and how much of that is the provincial drop?

Hon. Mr. Stewart: — Yes. It's the same 60/40 formula — so 60 per cent federal, 40 per cent provincial.

Ms. Sproule: — Okay. So that is the changes. And this is the Growing Forward 2.

I had some questions about something I found on the Agriculture Agri-Food Canada website. And they're talking about three new federal programs under Growing Forward 2: AgriInnovation, AgriCompetitiveness, and AgriMarketing. Are you in a position to comment on those programs and whether they'll be featured in the bilateral agreement with Saskatchewan? Just a further comment there, I note that these programs are now in effect as of April 1st.

Hon. Mr. Stewart: — These are not programs that the province participates in, but they're national programs that the province can accrue substantial benefits from, hopefully in the future.

AgriMarketing is a program for not-for-profit organizations and small- to medium-sized agri-businesses designed to help adopt food safety and traceability systems. AgriCompetitiveness is a program that's to help the agriculture sector adapt rapidly to changing and emerging global and domestic opportunities, and to respond to market trends, and enhance business and entrepreneurial capacity. And AgriInnovation is supposed to help industry develop and commercialize new products and technologies. And these, as I said, are strictly federal programs that the province does not contribute to.

Ms. Sproule: — So the term Growing Forward 2 is really a federal term then, basically?

Hon. Mr. Stewart: — Well, Growing Forward 2, it replaces Growing Forward. This is the federal-provincial-territorial group of agricultural programs that we'll be living with for the next five years.

Ms. Sproule: — I see now from their information that those are strictly federal programs, but they're part of Growing Forward just the same as your bilateral agreements are part of it.

Hon. Mr. Stewart: — We just don't fund them.

Ms. Sproule: — I guess, you know, in certain senses you already have your programs that deal with marketing and innovation and competitiveness, so all right. So we'll look forward to seeing how those benefit our farmers.

I'm now looking at the framework agreement that was signed last fall for Growing Forward 2. And I just have, on page 16, I have the draft August 24th, 2012 version that was attached to the order in council that was signed in September, and just had a question about one clause. It's the proportionate spending clause. And just wondered if you could explain that clause: 25 per cent of each party's estimated spending must qualify as innovation. So it just talks about qualified spending. And then competitiveness and market development is the other 25 per cent. I'm sorry, I'm pulling that out of context.

Hon. Mr. Stewart: — We don't have that in front of us, but I think Rick Burton has it on the top of his head so he's going to do this.

Mr. Burton: — If I'm correct on the clause that you're referring to, it just says that the bilateral agreement has to have at least 25 per cent of our programming expenditures in the area of programming that falls under competitiveness, at least 25 per cent under the market development, and then another 50 per cent can be under other programs that contribute to any of the goals under Growing Forward.

Ms. Sproule: — So now I'm just going to see if I can find that in the one that was the bilateral agreement. Do you know what the percentage is on those areas? Is it 25 per cent or did you do more in innovation and where can I find that?

Mr. Burton: — Sorry again, I don't have a copy of that agreement with me tonight. But we exceeded the 25 per cent in innovation, and of course we exceeded the 25 per cent in market development programming. And those details will all be rolled out as part of our Growing Forward 2 once the agreement is signed and announced.

Ms. Sproule: — So the bilateral agreement was approved by Executive Council at the end of March. What are the timelines then for the release of those agreements and the final details?

Hon. Mr. Stewart: — The next couple of weeks we're expecting.

Ms. Sproule: — I'm sorry. I am going to refer to the tables in the bilateral agreement again and I just but really would . . . I'm more interested in looking back at Growing Forward and some of the performance measurements that are indicated. There's a number of performance indicators on an annual basis. So for example the number of innovation positions funded, there's a baseline, annual baseline of 25 and a target of 25. Do you have those similar targets for the Growing Forward in the past few years? Is that something that I could get my hands on? And how have you met your targets?

[20:45]

Mr. Burton: — So the previous agreement had different performance measures obviously because the programming was slightly different. On an annual basis under the previous

agreement, we provided the progress towards those performance measures to the federal government. They rolled those up and they published a report annually. They would have rolled up all provinces together. But really I mean the provincial performance measures are things, as you alluded to, it's how many research Chairs we funded, how many research projects we funded, very basic stuff that we would have provided to the federal government.

Ms. Sproule: — Okay. Would it be possible to obtain those at any point or are they available online, in the Saskatchewan context?

Mr. Burton: — We can obtain the federal report and provide that to you.

Ms. Sproule: — That would be much appreciated, so thank you. And so, Mr. Chair, with your leave, could we take a five-minute break?

The Chair: — If the committee is in agreement, we'll take a five-minute break. I don't see that as a problem. We'll take a five-minute break for a stretch. Thank you.

[The committee recessed for a period of time.]

The Chair: — If I could have the committee's . . . Now I'll call the committee back to order and we'll move forward with debate on the Ministry of Agriculture. And I'll turn the floor back to Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair.

Hon. Mr. Stewart: — Excuse me. We have the answer to your revenue question. Mr. Arscott, I think, has that at his fingertips here.

Mr. Arscott: — Ray Arscott, executive director of corporate services. The breakdown of the revenue streams is, transfers from government entities of \$25 million, and that was a dividend paid by the Agricultural Credit Corporation, and it's just a return of funds to government . . .

Ms. Sproule: — Wait. Before you carry on, is that part of '12-13 or '11-12?

Mr. Arscott: — '11-12.

Ms. Sproule: — That's for the '11-12 figures. Can you just hang on till I find that paper and then I can take notes. Okay, there it is. Carry on.

Mr. Arscott: — We had the interest premium discount and exchange of \$515,000. That was other licences and permits and land permits, essentially, for \$400,000 and pesticides and miscellaneous licence for \$100,000.

Oh I'm sorry. That was interest on the Crown land sales incentive program for 450,000 and short-term hog loans for 50,000. We had the other licences and permits for \$742,000, and that one was for the other licences and permits: for land permits for \$400,000; pesticides and miscellaneous licences for \$100,000; and the water pumping program for \$200,000.

We had sales, services, and service fees for \$47.5 million, and that was essentially the Crown land sales, with no book value, for \$46.2 million. And there's also irrigation service fees from irrigation districts for \$1 million in there. And other revenues, \$18 million. The largest item in there was the gain on sale of lands. So this is the land that did have the book value of \$8.3 million and the refund of prior expenses. Of course this helped the government . . . [inaudible] . . . some decreases in expenses in the next year, the following year.

The transfer from the federal government of \$52.5 million. We had the Growing Forward program of \$24.7 million, AgriStability administration of \$10 million, and Crop Insurance administration of \$17.7 million, all totalling for total agriculture revenues of \$144.5 million.

Ms. Sproule: — Thank you. Just a couple of notes coming out of that information. The gain on sale you referred to in other revenues, is that just a bookkeeping type of . . .

Mr. Arscott: — Land is classified in two revenue accounts for land sales without book values and land with book values. Land that does have a book value that we have a carrying value on, we record as a gain.

Ms. Sproule: — So in layperson's terms, the price you sold the land for . . . Can you give me an example in actual numbers? There's a quarter section that sold, you sold it for \$100,000 book value . . .

Mr. Arscott: — Carrying value of 40,000 and we record a gain of 60,000, yes.

Ms. Sproule: — A gain of 60,000, and then 40,000 shows up as a carrying value?

Mr. Arscott: — Well it's removed right now. It was recorded as an asset in the government's books. It's removed as an asset. It's no longer . . .

Ms. Sproule: — Oh it just comes off the books basically because it's now been liquefied or whatever, liquidated. Okay. And Ag Credit then, the 25 million from Ag Credit, is that from sale of land?

Mr. Arscott: — No, that's for recovery of loans.

Ms. Sproule: — The loans?

Mr. Arscott: — The government's short-term . . . [inaudible] . . . loans and it's recovered over a period of time.

Ms. Sproule: — So those would be a debt somewhere, would they not?

Mr. Arscott: — They were recorded as expense when they were made and now this is just the recovery so now it flows back to the government as revenue.

Ms. Sproule: — And does the debt show up in the estimates anywhere? Would that be general government debt or is there no debt?

Mr. Arscott: — Not on this one.

Ms. Sproule: — So the loan was advanced, it was expensed out, and that's basically written down.

Mr. Arscott: — Yes. Now amounts have been repaid over a period of time.

Ms. Sproule: — It comes back and it shows as revenue for the ministry. Okay. You have a very soft voice so I wasn't able to follow it all, but I'm sure it'll all be in *Hansard* if I want to review it again. So I think at this point I want to thank you for that information. And, Mr. Chair, with permission my colleague has a few questions to ask as well, so I'd like to turn it over to her.

The Chair: — I recognize Ms. Chartier.

Ms. Chartier: — Thank you. Thanks, Mr. Minister. I have just a few questions here. Do you have any sense of how many foreign, temporary workers are working on Saskatchewan farms in 2012? Actually not just 2012 but going back to about, let's say 2007, an annual number?

Hon. Mr. Stewart: — I'm told we don't track that information.

[21:00]

Ms. Chartier: — Have you ever tracked that information or is it just . . .

Hon. Mr. Stewart: — I don't believe so, no.

Ms. Chartier: — Are you aware of any other minister, ministry tracking that information?

Hon. Mr. Stewart: — That may be tracked by the Ministry of Labour, I would think.

Ms. Chartier: — Okay.

Hon. Mr. Stewart: — If it is tracked . . . Well I shouldn't go farther. That would be my guess.

Ms. Chartier: — Do you have a general, any sense . . . So you don't have hard and fast numbers, but is there any sense of how many foreign temporary workers are in the province at any given time?

Hon. Mr. Stewart: — No, I'm sorry, we don't have even good approximations of numbers, but there are . . . Well the numbers wouldn't be terribly high in Saskatchewan because of the nature of most of our agriculture. There are three sectors that do use foreign workers to a substantial extent, and beekeepers is one. Feedlots is the other, and also horticulture.

But I'm sorry, I suspect that Labour would have some tracking on those numbers but we don't. We don't do it.

Ms. Chartier: — Thank you for that. On the same vein around labour, do you have any sense of how many employees, not foreign temporary workers, but how many employees are working on Saskatchewan farms in any given period of time?

Let's say 2007, '08, '09, '10, '11, '12.

Hon. Mr. Stewart: — I think we have found a number here, and I believe that it's sixty-six point four thousand on-farm labourers.

Ms. Chartier: — Sorry, and that is in . . .

Hon. Mr. Stewart: — 2011.

Ms. Chartier: — 2011. Do you have any other years in front of you there?

Hon. Mr. Stewart: — The average from '06 to 2010 is sixty-nine point one thousand.

Ms. Chartier: — Okay. So 2011 was a little bit lower then?

Hon. Mr. Stewart: — Yes, I think we'll find that generally year to year because of the increasing size of Saskatchewan farms and ranches and the fact that with better and more efficient equipment and methods that the industry has been tending to eliminate some people.

Ms. Chartier: — So over the course of say 2005 or 2006 . . . We'll pick a number, 2005 to 2011, and did it go down every year?

Hon. Mr. Stewart: — I don't know if we have that. We know that it's down at the end of that period, so I'm suspecting it's trending down. Whether it drops every year or not, I can't say for sure.

Ms. Chartier: — Thank you for that. Obviously we heard today about workplace fatalities, the Workers' Compensation report. I'm just wondering how many fatalities have we had on Saskatchewan farms? Again let's pick a five-year period ending . . . I'm assuming that 2011 is probably your latest numbers?

Hon. Mr. Stewart: — That's another category that Labour tracks and we don't. But if the member is interested, we could try to get those numbers for her.

Ms. Chartier: — That would be great, thank you. I just wonder if there's any employee safety programs for the agriculture sector that the ministry provides.

Hon. Mr. Stewart: — Yes, farm safety funding, there's a grant for 2013-2014 to the Agricultural Health and Safety Network of \$100,000.

The Canadian Centre for Health and Safety in Agriculture had requested a three-year funding agreement of 143,500 per year starting in 2013-14, and the ministry will work on a three-year funding agreement after AHSN [Agricultural Health and Safety Network] develops a new strategic plan which it is doing in 2013.

The ministry provided Saskatchewan Association of Agricultural Societies and Exhibitions with grants of 30,000 for 2012-13 and 2014 to put on farm safety day camps for youth.

Ms. Chartier: — So the 100,000 for 2013-2014, what kind of

training will that involve?

Hon. Mr. Stewart: — They provide workshops around the province on farm safety, both in relation to farm equipment and animals, and they also provide breathing and hearing clinics around the province for producers.

Ms. Chartier: — Is this a normal annual expenditure or is this something relatively new?

Hon. Mr. Stewart: — No, this has been ongoing for some time. I don't exactly know when it started. But also SARM [Saskatchewan Association of Rural Municipalities] provides funding to the same organization for the same programs.

Ms. Chartier: — Thank you for that. Just changing course here, just one small question about apiculture. I'm just wondering what are some of the concerns that you're hearing around bees on comb that have been approved for import into Saskatchewan?

Hon. Mr. Stewart: — Beekeepers are concerned about diseases being brought in with bees from outside of the province. And we're committed to keep our bee colonies in the province healthy. And to that end beekeepers must meet pest and disease mitigation protocols when importing bees. Imports are viewed on a case-by-case basis and are not allowed if there's considered to be a real risk to Saskatchewan bee colonies. And there's no free flow of bees into this province. The decision to allow bees in is a science-based one, and we support bee health projects such as Saskatraz and mite control best management practices.

We do allow bees to be imported into the province from neighbouring provinces, which is consistent with the New West Partnership. And I have met with the Beekeepers' Association. There are no pests or diseases in Alberta that we don't already have in Saskatchewan. That's not to say that we want more, and we're being very careful not to import them. But we will be continuing to work with the Beekeepers' Association on the development of protocols.

Ms. Chartier: — You've said the imports are on a case-by-case basis. Have there been very many that have been turned down?

Hon. Mr. Stewart: — There were only four requests last year. Three of them were for either bees or queens and one was for equipment. And there was some, if I remember correctly, there were some questions around the equipment, but it never did show up at our borders. So that went away on its own.

Ms. Chartier: — Thank you. I'll pass it back to my colleague.

The Chair: — I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. I just want to ask a few questions on crop insurance now specifically, and these are probably more . . . [inaudible] . . . type questions with some data and information. If you have it handy, that would be great.

First of all in terms of the payouts for crop insurance, just how much does the federal government contribute to that?

Hon. Mr. Stewart: — Federal government pays 60 . . . or 36 per cent of the premiums. The province pays 24 per cent and the producers 40 per cent. But the province also covers the cost of administering the program.

Ms. Sproule: — Based on the estimates, it looks like about 30 million is going to program delivery which would be the administration portion. Correct?

Hon. Mr. Stewart: — That's the total 30 million, but the federal government does pay 60 per cent of that. So 40 per cent of that would be the provincial share.

Ms. Sproule: — So for program delivery, 60 per cent feds, 40 per cent province?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — So when you say the estimates are 30 million, the provincial contribution is say a third of that or it's just over a third, so probably over \$10 million. And yet it shows up, the total amount shows up as an expense. How is it that the total amount of \$30 million is showing up as an expense in estimates when really it's not coming out of the provincial budget?

[21:15]

Hon. Mr. Stewart: — [Inaudible] . . . it does come out of the provincial government and then it's reimbursed as revenue later on.

Ms. Sproule: — To the individual? No.

Hon. Mr. Stewart: — To the government.

Ms. Sproule: — The federal government cuts a cheque to the province and it shows up in a GRF again. Okay. So the producers do 40; province, 24; feds, 36. And that's on the premiums themselves. How many contracts were . . . The latest available numbers I assume is '11-12, right? So how many contracts for individual contracts did Crop Insurance issue in '11-12?

Hon. Mr. Stewart: — I'm informed it's just in excess of 23,000 contracts.

Ms. Sproule: — And this is a broader question maybe for the deputy minister or the minister is, how many farms are there? Like how many people could ask for contracts? Do you have any numbers there? What percentage of farms are covered by crop insurance?

Hon. Mr. Stewart: — Grain and oilseed farms in the province total 22,195. The numbers get skewed. Sometimes there are separate crop insurance contracts for husband and wife, you know, in some of those operations.

Ms. Sproule: — Okay. So I guess the question maybe I would like to ask then is, what percentage of crop land is not insured in Saskatchewan?

Hon. Mr. Stewart: — 77 per cent of the acres are insured.

Ms. Sproule: — And of that 23 per cent that's uninsured, do you have any sort of intelligence on why those lands are not insured?

Hon. Mr. Stewart: — Yes. It's, you know, probably a variety of reasons that I wouldn't want to speculate on but it's an individual choice and for one reason or another, either they're financially independent or some other reason, they choose not to partake in the crop insurance program.

Ms. Sproule: — Okay. Fair enough. Thank you. Maybe there's some risk takers out there.

Is there any discussion about spot insurance? Is that on the discussion table at all?

Hon. Mr. Stewart: — Spot loss hail?

Ms. Sproule: — Spot loss hail. Yes.

Hon. Mr. Stewart: — No. At this time we're not discussing going back there. It's a place that the private industry has, hail insurance industry has filled and quite well I think.

Ms. Sproule: — Speaking of private industry, what percentage of insurance in Saskatchewan is private? Do you have any information on that?

Hon. Mr. Stewart: — There is no private crop insurance. I guess 100 per cent of the dedicated hail insurance would be private.

Ms. Sproule: — Okay.

Hon. Mr. Stewart: — [Inaudible] . . . hail coverage with crop insurance, but specific hail insurance, its purchase would all be from private vendors.

Ms. Sproule: — Just to put on the record, I guess, is there any discussions in the ministry of privatizing crop insurance? . . . [inaudible interjection] . . . It's safe.

I'm just looking at my notes here. Most of the calls I get in terms of dissatisfaction or feeling of difficulties with crop insurance, some of them relate to the figure that's used to say what the value of the crop is. And I'm not well versed in this but I'll try and represent as best as I can. And I think the example that was given that I can recall is, is the price, average price for canola was much higher in one farmer's estimate than what was really, it was being sold for in his area. And so how do you answer those types of complaints when they come in?

Hon. Mr. Stewart: — Well the crop values are set at a specific time of the year — January, at some point in January — and of course circumstances change throughout the production year and so sometimes there is, granted, a bit of a discrepancy. But I think Crop Insurance does a pretty good job of establishing those values at the time that they're established . . . [inaudible interjection] . . . Yes, that's . . . I'm reminded there is a variable price option available as well that, at a slightly additional cost, gives a producer coverage for the actual value of the commodity.

Ms. Sproule: — If he has unlimited funds. Yes. And I guess that leads . . . There's a bunch of questions floating around in my head; now I need to keep track of them as we go. But you would be familiar with, and certainly your staff are familiar with, some individuals I've been working with who have been denied crop insurance for various discussions and disagreements with Saskatchewan Crop Insurance. And I mean it leaves them very vulnerable and with little recourse when they're actually denied, because as you say there are no private . . . There's no other ability for them to insure their crop in Saskatchewan. How many contracts for crop insurance are denied or were denied, say last year?

Hon. Mr. Stewart: — We don't have the exact number of contracts that have been refused in the last year, or I guess any year, at our fingertips. But it's quite small, and the primary reason for contracts being refused is that the producer is not, or the person attempting to purchase insurance is not the actual producer on that land. And so it's a small number, but it does occur.

Ms. Sproule: — So in terms of a crop share or custom arrangement then, what's the policy of Saskatchewan Crop Insurance? If an individual is custom farming, are they entitled to purchase crop insurance?

Hon. Mr. Stewart: — Custom farming operations are a little more complicated. If the person attempting to purchase crop insurance is actually the operator that's making the decisions in the operation, he or she would be eligible, but certainly not if it's a typical custom farming operation where the owner of the farm makes the decisions and the custom farmer just carries them out.

Ms. Sproule: — And in the event that Crop Insurance discovers that inadvertently insurance was extended to someone who is merely doing the work for the farmer or the owner and the owner is making the decisions but the custom operator had purchased the crop insurance, how is it decided at that point that a refund would be arranged for? And in particular circumstance that I'm referring to, which yourself are familiar, is that the decision for the refund was based on that insured's total acreage which includes some of his own land, and so he was unfairly treated at that level because the refund was based on his entire operation and not just the acres that were custom farmed.

Hon. Mr. Stewart: — I think I'll refer that to Shawn Jaques, CEO of Crop Insurance Corporation.

Mr. Jaques: — So I think the contract with the producer that you're referencing, it's a little bit different situation than the question you asked me, or that you asked the minister. I think the situation you're speaking to, they actually broke the terms of the agreement, of the crop insurance agreement. In a case like that, then a producer is deemed ineligible for a contract on their total farm.

With respect to your question, if we come across a producer that had some land that was ineligible, that was, you know, that the land, somebody else was making a decision on the farm, we would refund the premium on those quarter sections but they still carry on the insurance. Excuse me, I've got a bit of cold.

Ms. Sproule: — Thank you. So basically in the situation I'm referring to, it was more that the terms of the agreement had been broken and so across the board they would be ineligible and have to refund . . .

Mr. Jaques: — Yes, that's what I'm thinking. Yes.

Ms. Sproule: — Thank you for that. Is there a place on your website that describes these sorts of policies like with relation to custom farming? Is it easily accessible on your website?

Hon. Mr. Stewart: — The contract of insurance is posted on our website, on SCIC's [Saskatchewan Crop Insurance Corporation] website.

Ms. Sproule: — You're going to actually make me read an insurance contract? Wow. Okay, thank you very much for that. And certainly kudos to Crop Insurance for the good work they do and all the other programs.

I just have some very general questions now that really would relate to central management and services, and we'll just get this on the record. So first of all, for FTEs in this next upcoming year is . . . Let me see what your estimates are here. It looks like you're decreasing by 11, approximately 11 staff. There's 30 people disappearing from the Livestock Services Revolving Fund. Can you explain that decrease of staff?

Hon. Mr. Stewart: — The bulk of the reductions, the 31 FTEs, requires the successful transfer of the livestock brand inspection program to the industry. It's not a reduction in service to producers, just a transfer of 31 FTEs out of government into another agency.

Ms. Sproule: — And is there funding going to the livestock industry to take over that staffing?

[21:30]

Hon. Mr. Stewart: — The livestock industry pays the costs of brand inspection now, and they would continue to under another model, which it's believed would be slightly cheaper.

Ms. Sproule: — It would be slightly cheaper, is that what you said?

Hon. Mr. Stewart: — That's what the industry believes, that the model that's used in Alberta for instance is a fair bit cheaper.

Ms. Sproule: — We'll want to keep an eye on that and see if that's in fact the case. Sorry, my brain is getting tired. When will this . . . is this related to the animal products identifier Act? Is that part of that legislation and when will this be in place?

Hon. Mr. Stewart: — Both *The Animal Protection Act* and *The Animal Products Act* are enabling legislation for these contemplated changes. And after they're passed, there will be more work done on this file for sure. Possibly the late summer or fall I would suggest that the industry may be ready to take over brand inspection.

Ms. Sproule: — I think I'll save any further questions on those

Acts for the next session of committee when we look at those. The second question I have in terms of accountability is secondment. Are there any staff being seconded to Executive Council?

Hon. Mr. Stewart: — I'm informed that there are not.

Ms. Sproule: — Thank you. In terms of travel and conferences, how many out-of-country trips did the ministry take in the past year?

Hon. Mr. Stewart: — We don't have the number of trips out of province at our fingertips but we do, we can come up with a number of dollars that were spent on that. Would that be helpful?

Ms. Sproule: — Yes, that would be sufficient. Thank you.

Hon. Mr. Stewart: — Yes the total out-of-province travel for the ministry for the fiscal year 2012-13 is \$246,673.

Ms. Sproule: — In general, what types of out-of-province travel did that encompass?

Hon. Mr. Stewart: — There was a trade mission or two in 2012-13. The bulk of it is people from the ministry travelling to seminars and conferences out of province. And of course the FPT, federal-provincial-territorial Ag ministers' conferences have been out of province. So that's the gist of the type of travel that's involved.

Ms. Sproule: — Just on some contracts issues, what is the department now outsourcing to private contractors?

Hon. Mr. Stewart: — Ms. Sproule, could you be more specific about what types of contracts you're interested in?

Ms. Sproule: — You know, to be fair, I think I'm just going to pass on that question. I'm going to move on. Is the department aware of any unsigned contracts, verbal?

Hon. Mr. Stewart: — Verbal contracts, no.

Ms. Sproule: — Thank you. Just a couple of questions about IT contracts. Does the ministry have any IT contracts for databases, HR [human resources], training, set-up, networks, communications, tech support?

Hon. Mr. Stewart: — All of our IT [information technology] contracts have been sourced through ITO [Information Technology Office] through their normal procedures.

Ms. Sproule: — Okay, thank you. How much is being spent by the ministry on advertising?

Hon. Mr. Stewart: — We have a lot of numbers here, but we don't have totals. Can we get back to you, hopefully later in this evening, with a total?

Ms. Sproule: — Yes, that would be just fine, thank you. Just a few more questions here. In terms of privatization, the question is, are there any programs, services, or infrastructure of the department or ministry that may be potentially sold or

off-loaded to the private sector? I guess the branding is one.

Hon. Mr. Stewart: — Well, we spoke of brand inspection. Not really, in answer to your question. But the inspection of the provincially inspected meat plants has been a federal responsibility. And they're backing out of that business, and that will go to a third party.

Ms. Sproule: — Okay, thank you. In terms of SaskBuilds, is there any infrastructure being considered for SaskBuilds in your ministry?

Hon. Mr. Stewart: — No, no.

Ms. Sproule: — And sale of assets, outside of Crown land sales, are there any assets that are going to be disposed of?

Hon. Mr. Stewart: — No, beyond the normal disposal of furniture that would happen through Central Services, though we don't think so. The transfer of the M1 canal and the pump station would have been in the previous fiscal year, at the very end of the previous fiscal year.

Ms. Sproule: — Okay, thank you. Is the ministry considering any public-private partnerships in your activities? Anything for new infrastructure?

Hon. Mr. Stewart: — No, we don't think so.

Ms. Sproule: — Fair enough. These are very general in nature. And I think my final question for the evening that I have from the committee is, any lawsuits or litigation that are ongoing for the ministry? And if so, what are they?

Hon. Mr. Stewart: — We are trying to be accurate, in the interests of accuracy. We think we have a good guess on the legal proceedings that we're named in, but we're trying to firm that up, hopefully yet before our three hours are up tonight.

As far as advertising goes, I think we have \$120,000, in that ballpark, in media placements.

[21:45]

Ms. Sproule: — Thank you. I have pretty much exhausted the line of questioning that I wanted to follow this evening and, unless my colleague from Riversdale has any further questions, we could just give you some time to confirm that information. But I would certainly, Mr. Chair, be willing to entertain other questions if any of the committee members have them.

The Chair: — Certainly at this time if there's any further questions for the ministry. Mr. Moe.

Mr. Moe: — I could ask a few questions here as well. One, just a quick comment before . . . on the agriculture diversity and development boards, is a name that I haven't heard for a little while. But I do remember back when we had an ag board quite active in our area, and they were integral in the development . . . or not the development but working with different no-till systems at that time and working with farmers in the area. And we all know what the minimum till or zero till has done for the agriculture industry since then.

One of the questions I would have I guess would be around some the funding in the research part of the ag budget. I was wondering if you could clarify just a few things with the research budget as some specific projects per se. And you know, I've heard of different projects — you know, the wheat summit in the past, the Global Institute for Food Security that we talked about — but if you'd maybe just clarify a few specific projects and how they tie into the growth plan as we move forward.

Hon. Mr. Stewart: — Sure. The total budget for research in agriculture this year is 27.7 million. That's an increase of 7.3 million over the last fiscal year. Three million of that is for the Global Institute for Food Security that the Premier announced last fall and an organization that we have great hopes will attract world-class scientists from outside of the province. And we've already made a big catch. The CEO of the Global Institute for Food Security is a world-renowned bioscientist whose previous role was chief scientist for the USDA [United States Department of Agriculture]. So we are making a good start at attracting scientists for the Global Institute for Food Security and the institute will lever large quantities we believe of private capital into agriculture and biosciences research in this province, taking us from a leader, a national leader in agricultural biosciences in Saskatchewan to a global leader, we are predicting, by the year 2020.

There's 2.7 million for operational funding for the Crop Development Centre and for PAMI [Prairie Agricultural Machinery Institute] and the Western Beef Development Centre. These are important pieces in crop development. And of course Prairie Agricultural Machinery Institute, PAMI, does trials and testing on pieces of agricultural equipment as well as military equipment these days. They are a very highly renowned institute in their field. The Western Beef Development Centre, which is attached to PAMI, does research and does feeding trials and other research in the most practical and economical ways to feed beef cattle and produce beef in this province.

There'll be \$3.7 million to support intellectual capacity, 15 scientists and technician pairs at the University of Saskatchewan and WBDC [Western Beef Development Centre]; approximately 13.9 million of that 27.7 million through the agricultural development fund for research projects; 3.5 million for technology adoption and commercialization through Ag-West Bio, the Saskatchewan food centre, ADOPT [agricultural demonstration of practices and technologies], and Agri-ARM sites around the province.

So our research commitment is closely aligned with and driven by our crop strategy. The crop strategy will contribute to the province's vision for a secure and prosperous futures as outlined in *The Saskatchewan Plan for Growth: Vision 2020 and Beyond*. The foundation of the crop strategy is built on the existing strengths and advantages of the provincial agricultural industry with a goal of a vibrant, prosperous Saskatchewan crop centre or sector. The crop strategy consists of three pillars: innovation and science, leadership and investment, and building on our strengths and moving crops to the next level.

Numerous actions have been undertaken, including increase in investment into crop-related research, increased focus on wheat

varieties and wheat genetics. We believe that over the last number of years that Western Canada has fallen behind in wheat research, and this is part of our effort to catch up and get us back in that game. Also overcoming trade and market access issues and irrigation infill, as well as increased returns for crops through improved management practice — crops such as wheat and lentils, forages, and so on — the development of new crops such as camelina and carinata, and by adding value to commodities such as vegetables and . . . [inaudible] . . . through processing opportunities, and improved pest monitoring and diagnostic services. I hope that answers your question.

Mr. Moe: — It most definitely does. Definitely research is a, you know, a big part of the sustainability of the industry moving forward in this province. A little earlier this winter as well, I had the opportunity to attend what was called an Agriculture Awareness Summit in Regina here. And I wonder if you could give a few details . . . details, pardon me, on precisely what the Agricultural Awareness Summit was, what the initiative is, and why that initiative would be important to the industry in this province.

Hon. Mr. Stewart: — The initiative is about re-educating the non-farm public about what we do in agriculture in this province and what the industry's like and what opportunities exist in that industry for people beyond the farm gate. We believe that it's critical to bring the non-farming public back up to speed with agriculture. We believe that the perception of agriculture in the general public is probably 30 to 40 years behind what we're actually doing, and that's not a healthy situation. We need the public to understand that we're a science-based industry, that we are extremely environmentally responsible, and that we are a dynamic industry that has huge potential opportunities for the people of this province, whether they be from a farming background or from an urban background. There are career opportunities related to agriculture in almost every field that you can think of, and I don't know that that's well understood beyond the farm gate.

And also we think it's important for people to understand how much of a financial contribution agriculture makes to this province and how it improves everybody's quality of life in the province, regardless of their background or where they live.

We hosted an Ag Awareness Summit in February, as you will know, and I think we had in the neighbourhood of 250 attendees, generally from the agriculture industry and agribusiness, including, you know, the banking industry, farm service industry, farming itself, and other branches of agricultural-related businesses. But the objective was to continue to advance ag awareness among the general public and to develop spokespersons in the agricultural sector to get out there to tell the true story of modern-day agriculture to the non-farming public and develop a youth strategy to educate young people as to what opportunities are available for them in agriculture or agriculture-related businesses and industries in this province.

We will continue to advance ag awareness with the federal-provincial-territorial partners with the goal of securing it on the national agenda, and I'm gratified to see that federal Minister Ritz has taken up that torch as well.

We think that improved awareness will not only build the public perception and encourage youth to enter the industry through, whether it'd be direct farming or industry and business that's related to farming, but also will build public support for the sector's very right to operate, which may come in question if the chasm gets much greater between what's really happening on our farms and ranches and what non-farmer people think is happening out there. So that's the gist of what we're trying to do with the ag awareness program and the summit that we held in February. It was very well-received and it will not be a one-shot wonder. We'll continue to advance that program.

Mr. Moe: — Again it sounds like that is leading to the sustainability of the industry, both economically, environmentally, and production-wise, as we move forward.

In the growth plan that was released last fall, and how that tied into some of the initiatives that have come out from your ministry since then, with regards to international market development, can you explain a little bit why that is so important as we move forward for the agriculture industry in this province?

Hon. Mr. Stewart: — Yes, thanks. We are a province of only slightly over 1 million people. We have 43 to 46, depending whose numbers you use, per cent of the arable farm land in Canada. We have 17 million acres of grassland, supporting the second largest beef herd in the country. And with a small population of just over 1 million people, we are by necessity exporters and world traders. We have to do that to survive. And so we have to continue to develop new markets to be able to continue to export more and more agricultural products, and in order to meet the targets in the plan for growth, we have to do that.

So the actual Saskatchewan growth plan targets are to increase crop production by 10 million tonnes, to increase exports by 50 per cent from \$10 billion to \$15 billion a year, to increase value-added opportunities, and to become a global leader in biosciences. And in order to do these things, we need to continue to open up new markets around the world for the increased production that we will be seeing in this province.

[22:00]

The Chair: — Mr. Cox.

Mr. Cox: — Thank you, Mr. Chair. Just a couple of quick questions, if I may, and one comment first with regards to your agriculture awareness. I just had occasion to attend the Manitoba Royal in Brandon. And one huge building of that whole exhibit was dedicated to that, whether it was from dairy producers, the egg producers, pork producers, grains — they were there. Manitoba's doing the same thing, so I commend the ministry on that initiative.

We've talked about the plan for growth, 2020 and beyond, and very ambitious targets for agriculture. Does the ministry have any plans, and one of your comments there, to increase potential for irrigated acreages in the province, and if so, what's your plan?

Hon. Mr. Stewart: — Yes. What we're doing at this point in

time generally is increasing investment in infill irrigation, that is filling in the spots in irrigation districts that are not yet irrigated, providing the infrastructure for producers to irrigate those, that land that is not as yet irrigated. And that is the cheapest way to increase irrigated acres at this point. At some point within 10 years we will run out of infill opportunities, and we will be looking to develop new irrigation districts at that time.

I think we need to continue to increase our irrigated acres, and not only to advance the economy of this province, but I think we have the water, which is rare in the world, and we have adequate water to irrigate many more acres and still not run us close to being short for other purposes. And we also I think have a moral obligation to do what we can to feed what we see as a world with 9 billion people in it in the next not very many years, before 2050.

And so, you know, we have a strong irrigation base and lots of recent successes to build on. The targets in the growth plan will be reached through strategic investments in research, infrastructure, skills training, expanding trade, and irrigation. And we will engage and work closely with the industry to meet these goals, and I think as a result of our efforts we'll see positive returns on investments in all of those areas.

And irrigation is no small part I think of, number one, meeting our goals in the plan for growth; and number two, it may be more importantly fulfilling our moral obligation to produce as much food as we can for a hungry world.

Mr. Cox: — Just one more quick one in follow-up to one of Ms. Sproule's questions. And you mentioned we're sitting at about 77 per cent crop insurance uptake. The ministry has made some pretty, you know, dramatic increases in the per-acreage coverage. Have you tracked any increase in uptake, and do you anticipate any increased uptake this year because of the \$194 an acre?

Hon. Mr. Stewart: — Well I think we are . . . It's a little difficult to explain, but while our number of contracts remain static or drop, it's because farms are getting bigger. But we're, generally speaking, insuring more acres. You know, I wouldn't say every year we insure more acres than the previous year but that we're trending upward in that.

And so I think we're headed in the right direction with the crop insurance program. It's been vastly improved in the last number of years and we will, you know, continue to make improvements to crop insurance.

Seventy-seven per cent — I'm just handed a note here — 77 per cent of all seeded grain acres were insured in the program, as the member mentioned, and that is the highest level since 1992. And so I think we're headed in the right direction with this program, and we'll continue to build on it. It's an important program. With the changes to AgriStability and AgriInvest, I think it's, I'd say, the main, the strongest leg of the three-legged milking stool that once was. And so I'm pleased with the direction it's going.

The Chair: — I recognize Mr. Bradshaw.

Mr. Bradshaw: — Yes, I agree. The crop insurance, I will say, is one thing that has really helped out. And I'm glad to see that we're working on the international market developments because I know in my particular area, up in Carrot River Valley where it first started, we've got the largest grass seeding . . . grass cleaning — I'll get this right — grass seed cleaning plant in all of North America. And that stuff goes all over the world. And there's more . . . Like in the Carrot River Valley area, we produce alfalfa for all of North America. Alfalfa seed is great. Plus we also grow a lot of flax which . . . Canada is also the largest producer of flax.

So the international end of it is very important. But I guess, you know, going back through and looking at some of this stuff, how do you think, how do you think this budget will really help to achieve the growth plan targets?

Hon. Mr. Stewart: — I think partly through our increased crop insurance budget. I think that will be a factor. In order for producers to go out and borrow, generally, and spend the kind of money it takes to grow good crops and get maximum yields, there has to be some sense of security that they're going to get the costs back, and crop insurance is fundamental to that. And so I think that's probably the main program that will give producers the security they need to maximize production, which takes money, takes an investment.

Our \$27.7 million investment in research is certainly key. We have great hopes for the Global Institute for Food Security as well as . . . Even before the Global Institute for Food Security — and it's not up and running yet, but it soon will be — we are already a national leader in ag-bio research. And with that and the major private partners that it will attract and the scientists that it will attract, I think that we will be by 2020 seen all over the world as a global leader in ag-bio research as well. So I think those are . . . As well as trade missions, we need to continue to expand our markets to expand our exports to meet the goals of the plan for growth. And ministry officials participated in three international trade missions with members of the industry to Indonesia, Singapore, and Indonesia again, and the New West Partnership mission to China, Japan, and South Korea last year. So we are doing I think what we can to expand production, back our producers, and develop new markets abroad that will help us meet the targets.

The Chair: — Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. And before we close, I have one really quick question I meant to ask earlier about a contract with Nelson Mullins Riley & Scarborough Limited Partnership. It's a law firm from the United States. And it was '11-12 again.

But I don't know if you have the answer yet for the litigation question that I asked earlier. Is that available or will that be coming? Because we're out of time. And so just in relation to that question, I don't know if you have the answer, and then I'll have a closing comment after that.

Hon. Mr. Stewart: — Yes. We can report that with respect to legal cases, there are three outstanding cases of litigation involving the ministry.

Ms. Sproule: — Do you have any details on the nature of them? Just the general nature of . . . [inaudible].

And, Mr. Chair, given the nature of the hour, I would certainly be happy if you wanted to send that to me separately at a later date.

Hon. Mr. Stewart: — While I'm waiting for that, member, Nelson Mullins is a law firm in Washington, DC [District of Columbia] that's assisted us in setting up meetings with officials of the US [United States] administration and other parties in Washington.

Ms. Sproule: — I thank you. And if the minister would agree just to provide information tomorrow or, you know, later this week on the litigation, that would be helpful.

So at this point, Mr. Chair, I would really like to thank the minister for his forthcoming responses tonight. You know, I think given your first year in this position, we've certainly seen able and competent leadership. So thank you for that. And to all the officials who came out tonight, thank you for spending an evening with us here in the legislature. I'm not sure this is a highlight of your year or not, but we certainly do appreciate all the hard work that everyone in the ministry does, and certainly thankful for the leadership you show for the people of Saskatchewan. So thank you very much for your time and thanks to my fellow colleagues for sharing the evening with us, and thank you, Mr. Chair.

The Chair: — Yes. I recognize the minister.

Hon. Mr. Stewart: — Thank you, Ms. Sproule, and Ms. Chartier, for your questions. Very thoughtful and thought-provoking questions they were. And I want to thank all of the people that are here from the ministry and for the help that they've given us and frankly for the help that they give me every day, and committee members and yourself, Mr. Chair, as well. So thank you and good evening.

The Chair: — Thank you, Minister, and your officials, for being with us this evening. And now I'll entertain a motion to adjourn for the evening. I recognize Mr. Doke. Adjournment . . . And we're all in agreement that we adjourn at this time? Agreed.

Thank you so much to the committee members and to everyone involved. This meeting is adjourned.

[The committee adjourned at 22:13.]