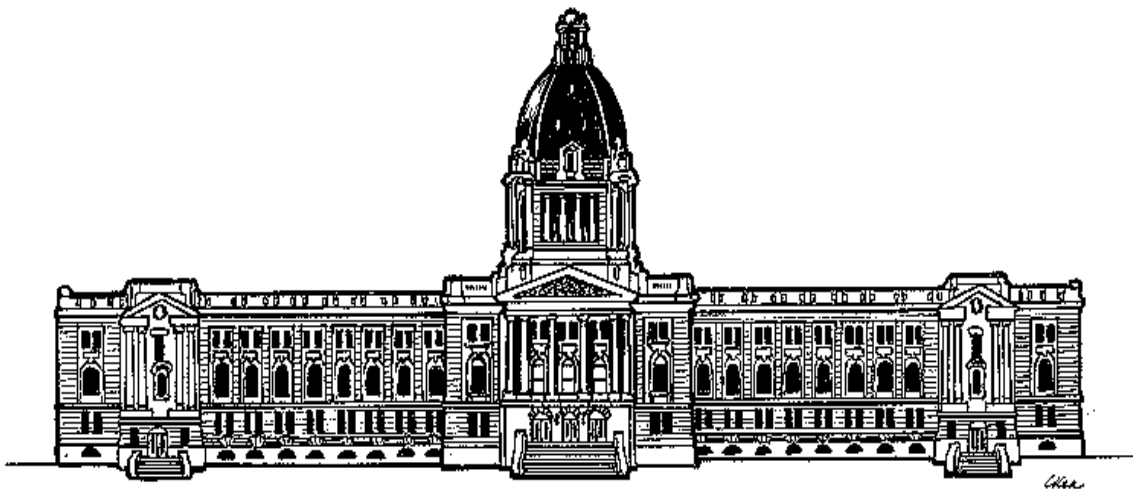




STANDING COMMITTEE ON THE ECONOMY

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Legislative Assembly of Saskatchewan

Twenty-Seventh Legislature

STANDING COMMITTEE ON THE ECONOMY

Mr. Don Toth, Chair
Moosomin

Mr. Fred Bradshaw
Carrot River Valley

Ms. Jennifer Campeau
Saskatoon Fairview

Mr. Larry Doke
Cut Knife-Turtleford

Mr. Bill Hutchinson
Regina South

Ms. Victoria Jurgens
Prince Albert Northcote

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 19:00.]

The Chair: — It being now 7 p.m., we will call the Standing Committee on the Economy to order. Welcome all the members, Minister Stewart. His officials will join us shortly.

First of all, we have a new committee member on the opposition side of the House, so we need a new Deputy Chair for the committee. And just to remind members, we'll ask for nominations. Once there's no further nominations, I'll then ask a member to move a motion to have a committee member preside as Deputy Chair.

So the floor is now open for nominations for the position of Deputy Chair. I recognize Mr. Doke.

Mr. Doke: — Mr. Chair, I move:

That Trent Wotherspoon be elected to preside as Deputy Chair of the Standing Committee on the Economy.

The Chair: — Are there any further nominations? Seeing none, it has been moved by Mr. Doke:

That Trent Wotherspoon be elected as presiding Deputy Chair of the Standing Committee on Human Services.

Are we all in favour of this motion? All in favour? Agreed. Carried.

I will now invite the minister to bring his officials in.

We welcome Minister Stewart and his officials, but before I recognize the minister I just want to remind the committee I'm tabling two documents today.

Economy 7/27, Ministry of Environment: Responses to questions raised at the May 1st, 2013 meeting of the committee re: industry reforestation numbers, Aquistore, Petroleum Research Centre and payment to Ron Pederson, dated May 14th, 2013. These were distributed to committee members on May 14, 2013.

As well, Economy 8/27, Ministry of Agriculture: Responses to questions raised at the April 9th, 2013 meeting of the committee re: farm fatalities, lawsuits and litigation, and Growing Forward Agreement, dated July 30th, 2013. This too was distributed to committee members on August 6, 2013.

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

Subvote (AG10)

The Chair: — We will now . . . Pursuant to rule 148(1), the following supplementary estimate for the following ministry was deemed referred to the committee on November 27, 2013: supplementary estimate, vote 1, Agriculture. The committee will be considering supplementary estimates for the Ministry of Agriculture. We now begin our consideration of vote 1,

Agriculture, business risk management, subvote (AG10) . I recognize Minister Stewart and invite the minister to introduce his officials and make his opening comments.

Hon. Mr. Stewart: — Thank you very much, Mr. Chair. I have with me today, to my left, Alanna Koch, deputy minister; Karen Aulie, assistant deputy minister of programs; Shawn Jacques, to my far left here, president and CEO [chief executive officer], Saskatchewan Crop Insurance Corporation; Jeff Morrow at the end, vice-president, Saskatchewan Crop Insurance Corporation; and to my right, Raymond Arscott, executive director, corporate services branch; as well as Tyler Lynch, chief of staff.

I can just proceed if that suits you, Mr. Chair. Thank you, Mr. Chair. The Ministry of Agriculture's 2013-14 appropriation was \$406.8 million. The ministry is requesting an additional \$31 million. The business risk management subvote in 2012-13 incurred a \$31 million adjustment required for AgriStability accounts payable payees. This resulted in a \$31 million charge to expenses and corresponding \$31 million credit to revenue. This expense, which was in excess of our 2012-13 appropriation, was required to be charged against the 2013-14 appropriation even though there was no net impact on the GRF [General Revenue Fund] in '12-13. The supplementary estimate of \$31 million will restore the ministry's 2013-14 appropriation to the amount originally budgeted.

In addition, we are showing forecasted adjustments of \$35 million. This is due to the \$31 million AgriStability adjustment as mentioned and \$4.1 million in savings. This is largely the result of slower demand in some program areas and operational savings.

I would be happy to answer any questions, and any that I can't answer, I know that my officials will be able to. Thank you very much, Mr. Chair.

The Chair: — Thank you, Mr. Minister. The floor will now accept questions for vote 1, Agriculture, business risk management, subvote (AG10). Just a reminder that our questions must relate to the supplementary estimate we're dealing with tonight. Thank you. I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair, and thank you, Mr. Minister and staff and executive officers for coming out tonight on a snowy night, I understand. I haven't been outside for a while, but I hear it's snowing out there.

Mr. Minister, I just would be first of all interested in a little further explanation to how this . . . Is it an oversight that occurred or could this have been avoided in the 2012-2013 year? Just maybe if you could explain a little further how this came about, the \$28.7 million adjustment. I guess it's 31 million all together.

Hon. Mr. Stewart: — I'll ask Mr. Ray Arscott to answer that.

Mr. Arscott: — Sure. The \$31 million relates to a payable we had set up to the federal government. That payable was no longer required so we had it . . . changed the payee to make it payable to the Saskatchewan Crop Insurance Corporation. They're the actual administrators of the AgriStability program

and they make the payments to the producers. So really it was just a reclassification of the payee that we established when we were setting up the payable at year-end.

Ms. Sproule: — Thank you. So did you say it was a payroll originally set up to the federal government?

Mr. Arscott: — Yes, the payable was originally set up, and this dates back to the early days of AgriStability and even before, back to when it was part of CAIS [Canadian agricultural income stabilization]. And over time the payable has been adjusted, and it was established it didn't have to be paid to the federal government. It had to be paid to Crop Insurance.

Ms. Sproule: — Why wasn't this done in 2012-13 then?

Mr. Arscott: — The adjustment was made as part of the year-end for 2012-13. Unfortunately it was done before we could come back for special warrants or supplementary estimates. And because it was done at year-end, it was established at that time that we'd have our appropriation frozen for '13-14 and that we would come and ask for supplementary estimates now.

Ms. Sproule: — Kind of a special language you're using here, so I have to really parse it out a little bit. So I just want to make sure I understand. At the end of the last fiscal year then, somehow this came to your attention and you didn't have time to ask for a special warrant? Like did you know this was coming ahead of time? Why did you run out of time?

Mr. Arscott: — Well we certainly do the accrual for AgriStability every year. And it was while we were doing the actual accrual to establish how much was payable that we came across that this money had been payable to the federal government and it was no longer required to be payable to the federal government. It was now required to be paid to Saskatchewan Crop Insurance Corporation.

Ms. Sproule: — Does this have any relation to the fact that the federal government isn't funding these programs as much as they did? No? No relation to that. So really this is just a payroll adjustment? Is that a simple way of classifying it?

Mr. Arscott: — A payable adjustment, yes.

Ms. Sproule: — Oh I thought . . . Did you say payroll earlier? Oh, it was always payable. I wrote down . . . So it's a payable.

Mr. Arscott: — You had a payable, payable to the federal government that really needed to be paid to Saskatchewan Crop Insurance. And unfortunately with the accounting rules and with the way things are handled for appropriation control, you can't just simply change the name of the payee. You actually have to reverse out the transaction and reset it up. So there's no net impact on the GRF or on the producers. It really is just the fact that our appropriation was frozen for this year, requiring us to come back for supplementary estimates.

Ms. Sproule: — Okay. I think I'd like to just focus a little bit now on the \$4.1 million in savings that the minister was referring to. And if you could give a little more detailed explanation about those \$4.1 million in savings.

Hon. Mr. Stewart: — The vast majority of that is just lower or slower uptake in some programs than what we budgeted for. But there is some as well through efficiencies in the ministry.

Ms. Sproule: — So what programs in particular was the uptake slower in?

Hon. Mr. Stewart: — That would be through a number of programs in GF2 [Growing Forward 2]. That's the federally-provincially cost-shared programs. There's no one glaring example. It just seems to be more or less in a number of programs.

Ms. Sproule: — I notice in the mid-year report there was an indication that Crop Insurance is more buoyant I guess this year because of fewer claims. Is that included in this 4.1 million? I think that number was significantly higher. I just want to make sure.

Hon. Mr. Stewart: — No.

Ms. Sproule: — In terms of business risk management programs like AgriStability, we see that, you know, there's a buoyant agricultural economy this year in particular. And perhaps these business risk management programs are less important than they would be in less productive years. But are there any concerns that you're hearing about the reduction in the federal portion of the program funding?

Hon. Mr. Stewart: — We did hear some concerns about that, and I think perhaps the programs are somewhat less attractive to some producers.

Ms. Sproule: — Okay. At this point I really don't have any further questions, Mr. Chair. My colleagues, do you have any questions to ask? Then thank you for coming out on a snowy evening, and I have no further questions.

The Chair: — Thank you very much, Ms. Sproule. So vote 1, Agriculture, page 11, business risk management, subvote (AG10) in the amount of 31,000, is that agreed . . . 31,000,000, pardon me. Sorry about that. Better get that correct or the minister will be down my . . . It's agreed. Carried.

Agriculture, vote 1, 31,000,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2014, the following sums for Agriculture in the amount of \$31,000,000.

Ms. Jurgens: — I, Victoria Jurgens, move that the fourth report of the Standing Committee on the Economy be adopted . . .

The Chair: — Oh. Oh sorry about that. The motion regarding submitting the report . . . My apologies. Are we agreed to the expenditure of the 31 million? Agreed? Carried.

Now I can thank the minister and his officials. The motion we're going to do is from the committee. But thank you, Minister, and to your officials for coming and appearing before the committee tonight. I really appreciate your time.

Hon. Mr. Stewart: — Thank you, Mr. Chair. And I thank the officials for their enormous help, and I thank the members.

The Chair: — Now for the sake of the members who are here, committee members, you have before you a draft of the fourth report of the Standing Committee on the Economy. We require a member to move the following motion:

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

Ms. Jurgens: — I so move.

The Chair: — Ms. Jurgens, so moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried. And basically that's it for the committee tonight. Could I have a motion to adjourn? Ms. Jurgens moves to adjourn. Is the committee agreed that we adjourn? Agreed. Carried. Thank you so much, committee members.

[The committee adjourned at 19:15.]