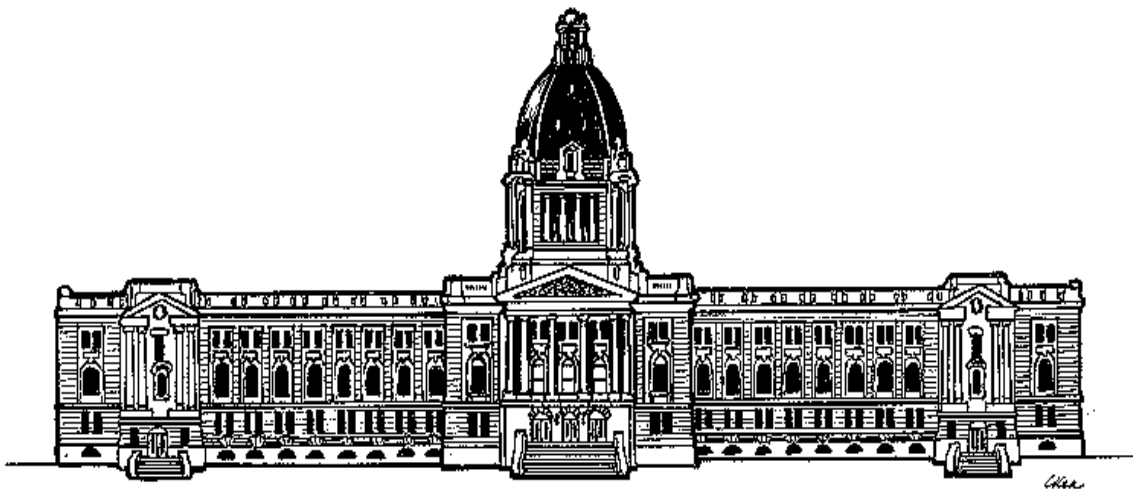




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

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Ms. Victoria Jurgens
Prince Albert Northcote

[The committee met at 19:00.]

The Chair: — It now being 7 p.m., we'll call our committee meeting to order. This evening we're going to be considering vote 1, Agriculture, central management and services (AG01). And with us we have Herb Cox sitting in for Larry Doke tonight, Jennifer Campeau, Victoria Jurgens, Fred Bradshaw, and Cathy Sproule, committee members.

We're also joined by a couple of gentlemen from Australia, Western Australia. We're pleased that you could join with us. We trust you'll find it an interesting debate here tonight. And we're pleased as well to have Minister Stewart with us and his officials from Agriculture. I'll invite the minister to introduce his officials and make his opening remarks.

**General Revenue Fund
Agriculture
Vote 1**

Subvote (AG01)

Hon. Mr. Stewart: — Thank you, Mr. Chair. Members, our guests from Australia, I'm very pleased to appear before the committee this evening to discuss the Ministry of Agriculture's 2014-15 estimates. And before I get started, I'd like to introduce the officials that I have with me this evening: Alanna Koch, deputy minister; Rick Burton, ADM [assistant deputy minister], policy; Karen Aulie, behind me, ADM programs; Janice Tranberg, behind me and slightly to the left, regulation and innovation; Shawn Jaques, CEO [chief executive officer] and president, Saskatchewan Crop Insurance Corporation, behind me to the far right; Jeff Morrow, vice-president, operations, Crop Insurance, behind Mr. Jaques; Ray Arscott, behind me to the far left, executive director corporate services; Scott Brown is back there in the middle, executive director, policy; Wally Hoehn is back there to the left, executive director, lands branch; and Tyler Lynch, chief of staff.

I'd like to thank my officials for attending this evening. Last month our government introduced a 2014-15 budget titled *Steady Growth*. This budget is characterized by our government's commitment to the steady growth of Saskatchewan.

Our province has grown dramatically over the past seven years. That growth has led to many great opportunities for our province and its people. Growth allows for the financial resources necessary to make significant investments to improve the quality of life for Saskatchewan people. But with growth also comes challenges. This budget is highlighted by investments into the people and infrastructure that help address the challenges of growth.

For agriculture, this budget is highlighted by strong, consistent support for the agriculture industry. It will allow our farmers and ranchers to expand on the success of 2013. It's a time of optimism in agriculture. The financial health of the sector remains strong, however we know that our industry is not without its challenges.

There will always be challenges such as those that we are now

experiencing with grain transportation. But as our government demonstrated with the grain transportation file, we are committed to doing what's best for the industry. Our government will continue to ensure that Saskatchewan is a leader in agriculture.

The 2014-15 agriculture budget total is \$371.6 million. This budget will help to ensure farmers and ranchers have the support they need to keep the agriculture industry growing. 2013 marked the first year our industry worked to meet the four ambitious goals for agriculture that were included in the Saskatchewan plan for growth. The growth plan targets for agriculture are, to increase crop production by 10 million tonnes; increase agri-food exports by 50 per cent, from 10 billion to 15 billion; to establish Saskatchewan as a global leader in bioscience; and to increase the value-added opportunities in Saskatchewan. I think it's fair to say that Saskatchewan's producers are up to the challenge. In fact the industry has already exceeded the 2020 crop production target.

2013 was a record crop year, with producers harvesting 38.4 million tonnes of crops. That's an increase of 12 million tonnes over our 10-year average. We've surpassed our growth plan target seven years ahead of schedule. We also know that 2013's production cannot be expected every year, that we will have to be innovative and adopt new technologies to sustain our success. But it does show what can be accomplished with the right conditions.

We also set a new export record in 2013 with \$11.7 billion of agricultural exports. That's a 4.7 per cent increase over 2012 and an 83 per cent increase over 2007. This is our third year of record-breaking ag exports.

In 2013, Saskatchewan accounted for 23 per cent of Canada's agri-food exports. Saskatchewan remains Canada's leading exporter in cereals, oilseeds, and pulses. We know that trade and increased exports are a priority not just for agriculture but for the whole economy.

In order to continue our record production and exports, we will need the support of science and innovation. Saskatchewan already has a strong bioscience cluster and is recognized as a national leader with more than 30 per cent of Canada's biotech industry, and our government has made it clear that research is a priority.

In 2014-15, we will invest \$26.7 million in agricultural research. This is an increase of nearly 100 per cent since 2007. A strong research industry will also help our government reach our goals of increased value-added production. Saskatchewan has a proud history of agricultural innovation and a growing commercial sector.

By adding value to crop and livestock products, we are in a good position to supply international markets with high-quality, safe, and reliable agri-food products and processing services. In fact our government recently developed an integrated approach to increase value-added production in Saskatchewan. The goal of our value-added strategy is to grow revenue from value-added activity from \$4.3 billion in 2011 to 6 billion by 2020. A strong value-added sector will attract investment,

create jobs, capture value closer to home, and increase agriculture's contribution to the province's GDP [gross domestic product].

The success of this strategy will require a partnership across government and industry as well as strong leadership. This budget includes \$242.2 million to fully fund business risk management programs which includes Saskatchewan Crop Insurance, AgriStability, and AgriInvest. These are all cost shared 60/40 between the federal and provincial governments.

Our government continues to fund these programs upfront as part of our budget. The 2014 crop insurance program coverage is an average of \$162 per acre. This is the fourth highest in program history. Premiums for 2014 average 7.47 per acre, a 25 per cent reduction from 2013. The lower coverage and premiums are the result of lower forecasted crop prices in 2014-15. The total crop insurance budget for 2014 is 165.4 million.

The 2014 program includes many enhancements and improvements to reflect changes in the industry. New in 2014, durum wheat and barley will be eligible for yield trending. Yield trending recognizes agronomic advancements and increases a producer's historical yield, which improves the current coverage available on these crops. The yield for durum will increase 8.6 per cent and barley yields will increase 3.5 per cent on average.

The crop insurance program is responding to the trend of increased corn acres in the province. A pilot program will provide yield loss coverage for corn in the east central and southeast areas of the province. Also new this year is the introduction of a pilot bee mortality insurance program. Crop insurance has worked closely with the Saskatchewan Beekeepers Association to develop this program as winter losses of bees are a major concern for that industry. The 2014 crop insurance program also continues initiatives introduced in past years, including unseeded acreage coverage up to \$100 per eligible acre yield cushioning and 100 per cent wildlife damage compensation.

Saskatchewan livestock producers have been asking for a way to offset volatility in the market, and I'm proud to say Saskatchewan producers now have access to livestock price insurance. The Saskatchewan Crop Insurance Corporation will deliver western livestock price insurance program to Saskatchewan cattle and hog producers, providing them protection against unexpected declines in market prices. By providing livestock price insurance across Western Canada, we will be able to level the playing field, insuring all producers have access to this important risk management tool. It will also help ensure a strong livestock sector in the future. The livestock sector in Saskatchewan is currently experiencing a time of stability and optimism. Record prices and affordable feed costs have led to positive momentum for cattle and hog producers.

When the Saskatchewan plan for growth was launched in October 2012, it included a goal of achieving significant growth in the livestock herd. In consultation with industry, we have recently set a target to increase livestock farm cash receipts by 25 per cent — from \$1.69 billion in 2012 to 2 billion by 2020. The Ministry of Agriculture has developed a livestock strategy

that will aim to enhance the long-term competitiveness and sustainability of Saskatchewan's livestock industry. Livestock farm cash receipts have never exceeded 2 billion, but we believe this goal is attainable and sustainable.

Saskatchewan has a strong future in livestock production. Our government continues to support farmers and ranchers with programs under Growing Forward 2. In 2014-15, we will invest nearly \$79 million into strategic initiatives. This is an increase of 7.5 million from last year. Some highlights of that include \$4.6 million for the farm stewardship program to help ensure the long-term health and sustainability of ranch and farm operations; \$23.6 million for water infrastructure, including irrigation infill; \$3.4 million for pest disease and invasive weed control, including \$400,000 increase for rat control and a new 2-year agreement with SARM [Saskatchewan Association of Rural Municipalities] to administer the program; and more than \$200,000 for the agriculture operator's program to help address farm labour challenges. The budget also includes \$1 million for rural municipalities and irrigation districts to rehabilitate irrigation bridges.

Agriculture is important to Saskatchewan. All of us in this room understand the role agriculture plays in our economy and the role Saskatchewan plays in meeting the needs of a growing world. And for the most part, the general public is aware that agriculture is big in this province. They're aware of the role agriculture played in settling Saskatchewan and how we're known as the breadbasket of the world.

But increasingly people are not aware of what modern agriculture is. As people become more and more removed from the farm, they become less and less knowledgeable about where their food comes from. The truth is that agriculture is a technologically advanced industry, that it is a driver of our provincial economy, that farmers and ranchers take care of the land and their animals, and that agriculture is a major employer with many opportunities for our young people.

There is also unfortunately a lot of misinformation about the technology that is used to help us grow our crops and raise our livestock. And the reality is all this lack of knowledge has a potential to affect our producers' right to operate and the ability for the ag industry to be sustainable and prosperous.

And that is why we have developed an agriculture awareness strategy. The purpose of the agriculture awareness strategy is to improve the public perception of agriculture. It will do this by enhancing awareness of such areas as environmental stewardship, economic impact, adoption of technology, and food safety, and creating awareness about career choices to attract youth to the industry.

[19:15]

This past year the ministry launched ThinkAG, a campaign that showcases the variety of careers that exist in our industry for young people. Our government also continues to support organizations such as 4-H Saskatchewan and Ag in the Classroom, and we provide support to our industry partners so they too can tell the true story of agriculture.

To summarize, agriculture remains a priority for our

government. We continue to make investments that support the industry and help our producers. We will work to set the business and regulatory climate that is best for our producers and our economy. Part of setting the best climate for growth is about investment in strategic areas that will make our industry more competitive in the long term.

Over the last seven years, the agriculture industry in Saskatchewan has prospered, and our government is committed to ensuring that it continues to do so well into the future. For agriculture, this budget is highlighted by strong, consistent support for the agriculture industry. We have an expanded crop insurance program with strong coverage; in fact it is the fourth-highest coverage in program history. We introduced the Western livestock price insurance program based on a need identified by industry.

Our government continues to make strong investments into strategic initiatives that support the industry's continued growth. We have a strong suite of programs under Growing Forward 2 that will take us through the next few years. We continue our strong research investment, and we are delivering on our growth plan targets.

Thank you, and I look forward to the committee's questions.

The Chair: — Thank you, Mr. Minister. And before I take questions from the floor, just to remind officials if you're responding to any questions, please remember to identify yourselves for the sake of Hansard. I now recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. And thank you, Mr. Minister, for your opening comments. I want to welcome the officials tonight. It's always very good to hear from you and find out what's going on in the ag area.

A special welcome to our guests from Australia, Western Australia. I was there I was thinking for New Year's Eve 26 years ago. So that's a long time now, but I really enjoyed my time there as I drove across the southern part, across Australia. So I have fond memories.

Mr. Bradshaw: — You must have been about grade 6 at that time.

Ms. Sproule: — I was very young. Thank you, Fred. Yes. The member is very kind.

I think I'm going to poke into a few little areas this time around. I'm just interested in some of the specific programs and maybe a few questions about those, but before I lose sight of this, I did have a couple of follow-up questions from last year's estimates, and I just want to get those on the record before I forget.

And so I actually have a copy of it, and I don't know if any of the minister's staff have that. But the first thing I'm wondering about, and it's on page 169 of the report, was a discussion we were having about Growing Forward and some of the performance measurements. And I believe Mr. Burton had indicated that he would obtain the federal report where the performance measures . . . that they prepare. Did you ever send that to me? I don't remember. You did? Yes. Okay. Then I have

misplaced it, because I couldn't find it. All right. If it's at all possible, could you resend it? Is that possible?

Mr. Burton: — It's Rick Burton, assistant deputy minister. The federal government has only put out one report, and that was the one that I sent. I believe it was the 2009-10 report at that time. And that's the only one they've put out, so we can resend it to you.

Ms. Sproule: — That would be very much appreciated. I apologize for losing it. Is there any indication that a new one's coming forward for Growing Forward 2 at any point for performance measurement?

Mr. Burton: — We provide, all provinces provide annual performance indicators to the federal government, and they roll them up. They haven't given us an indication as to the timing of the release of any of those roll-ups. They're generally delayed by a few years.

Ms. Sproule: — I'll look forward to those when they are available. On page 173, we had a discussion last year about the new Acts, *The Animal Protection Act* and *The Animal Products Act*, and the livestock brand inspection transition to the industry. And I know you indicated, Minister Stewart, that the transition would probably happen maybe late summer, early fall. And I'm just wondering if you could give the committee an update on that transition to the industry.

Hon. Mr. Stewart: — Yes. Thank you for the question, Ms. Sproule. Brand inspection for cattle and horses was transferred to Livestock Services of Saskatchewan Corporation, or LSS as we call it, on January 1st, 2014.

LSS is a not-for-profit corporation with representation from all the major sectors of Saskatchewan cattle and horse industries. Brand inspection delivery costs of approximately \$3.3 million per year were mostly offset by inspection fees paid through Livestock Services Revolving Fund, while 41 full-time equivalent FTE positions were transferred to LSS. Further financial and logistical support will be required in its early years to ensure a seamless and successful transition.

Ms. Sproule: — Is the fund still going to be operational then, or would that be wound up as well?

Hon. Mr. Stewart: — We will be helping out financially for the first five years of the program, and we expect the program to be self-sustaining at the end of that period.

Ms. Sproule: — All right. And for just some clarity, I'm looking for the . . . Is there an annual report provided for the fund? I'm just looking at all the annual reports from last year.

Hon. Mr. Stewart: — That financial statement will be published in the compendium.

Ms. Sproule: — Compendium. What sort of I guess assurances are you giving over that five-year period? How much money will you be providing the LSS for that transition?

Hon. Mr. Stewart: — The revolving fund will be wound up pretty much right away, but in 2014-15 we'll be providing

\$400,000 — 800,000 total. That's broken down 400,000 for employee benefits, 250,000 operational subsidy, and 150,000 for employee liability. In 2015 the total will be down to \$625,000, and in 2016-17 the total will be \$425,000, and in 2017-2018 the total will be \$250,000. And we're optimistic and hopeful that no further support will be required after that point. Do you want a breakdown for 2015-16, '16-17?

Ms. Sproule: — No, the totals are fine. Thank you. For the FTEs that were transferred over, did you say it was 49? I didn't catch it.

Hon. Mr. Stewart: — Forty-one full-time equivalents.

Ms. Sproule: — And are they still members of the government employee . . . Are they still considered government employees, or who's representing them now?

Hon. Mr. Stewart: — They're still members of SGEU [Saskatchewan Government and General Employees' Union], but they're now employed by LSS.

Ms. Sproule: — Will that continue beyond that five-year period? Or how long will they remain members of SGEU?

Hon. Mr. Stewart: — I don't think there's a sunset on that. I think that's permanent.

Ms. Sproule: — I think that's good for that line. Now where was I? Oh yes. I guess one other question on that is, will there be any further increased costs for producers as a result of this transfer?

Hon. Mr. Stewart: — No. We don't think so. In fact in jurisdictions like Alberta and British Columbia where this model has been adapted previously, costs are similar to Saskatchewan's or slightly less. So we would expect that to likely be the case here.

Ms. Sproule: — Thank you. Just want to go to some of the revenues that are posted under agriculture. I'm looking at public accounts. Last year we discussed it under the '11-12 public accounts. Now the most recent figures we have is the '12-13 public accounts, and there's some interesting differences I guess that I have some questions about in terms of revenues. And the first one, in '11-12 we saw transfers from government entities at about 25 million, and in '12-13 it dropped to around 15 million. I'm just wondering if you could explain why that number dropped.

Hon. Mr. Stewart: — That is the wind-down of ACS [Agricultural Credit Corporation of Saskatchewan]. As those loans are collected, that number dries up.

Ms. Sproule: — I'm just wondering if you could go into a little more detail on ACS. Oh here we are. I'm just finding the annual report. I'm just checking out the bottom line as this is the most recent annual report we have, which is the '12-13 one. And we see it has an accumulated surplus of around \$50 million, which is a slight increase from the prior year. And when I look back 10 years ago, the accumulated surplus was quite a bit lower, about 40 million. I'm just wondering if you could explain to the committee what these numbers reflect and what the future plans

are for Ag Credit Corporation.

Hon. Mr. Stewart: — Well Ag Credit Corporation is being wound down. We're collecting the last of the outstanding accounts. It's a treasury board Crown. And on March 28th '96, the government of the day announced that ACS would be wound down, and that's been in the process ever since. Since that announcement, the portfolio was reduced from 400 million at that time to about \$8 million now. The majority of the remaining loans are short-term cattle loans that were advanced in 2007 and 2008. It's estimated that ACS will have less than \$1 million in outstanding loans to 200-odd clients at March 31st, 2017.

In the past two years ACS has transferred 39 million of surplus funds to the GRF [General Revenue Fund] and a further 10 million to be transferred this year.

Ms. Sproule: — So the figure we have for '12-13 of 15 million, is that dividend then in terms of the revenue?

Hon. Mr. Stewart: — 14 million is the dividend, I'm informed.

Ms. Sproule: — For '12-13? And you said it would be 10 million likely for '13-14?

Hon. Mr. Stewart: — Yes.

[19:30]

Ms. Sproule: — It's slowly declining then until it's wound down.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — In terms of the services that this corporation provided for producers, have they been replaced by any other government entity or are they generally being occupied by the private sector?

Hon. Mr. Stewart: — Yes. The answer is no that it's not being replaced by another government program. A private sector is in that space now.

Ms. Sproule: — All right. Thank you. Continuing on then, in the revenues from the public accounts in '12-13, I note that there's a significant change in other revenues from the previous year. We know in '11-12 the other revenues were around \$18 million, and in '12-13 they jumped up to about \$45 million. I'm just wondering if you could give the committee some detail on that.

Hon. Mr. Stewart: — I'm going to ask Mr. Arscott to explain that. It's going to be easier than having him try to explain it to me first.

Mr. Arscott: — Sure. Ray Arscott, executive director of corporate services. That relates to the \$31 million adjustment that we had to do at the end of last year. You may recall when we came and did supplementary estimates, we explained how we had set up the payee for AgriStability to the federal government, which is no longer necessary. We had to adjust that to the accounts payable and set it up to have it paid to

Saskatchewan Crop Insurance. So we had to reverse all the transactions, and to do that the Ministry of Finance requires us to record an additional revenue of \$31 million and offsetting the additional expense we set up of \$31 million. So there's no impact to the GRF. It was just that it inflated our revenue line here.

Ms. Sproule: — Okay, I'll believe you. That's fairly complicated and thank you very much for that. All right, so that's the . . . I thought it was a windfall of some sort, but sadly it isn't. All right. If we could look at the transfers on page 61 of '12-13 Public Accounts, there's a number of payments that I'm going to ask about. Just curious about a number of them, and again some changes between '11-12 and '12-13.

So in the first one, in research and technology, which is subvote 6, under the project coordination aspect of that component, we see a company, Ag-West Bio. In the previous year, they got 400,000 and now it's 100,000. If you could just tell the committee a little bit about the funding they were provided for project coordination.

Hon. Mr. Stewart: — Probing questions, Ms. Sproule, and challenging Mr. Arscott. And he knows most of these numbers by heart.

I think we have an explanation. Apparently we pay 80 per cent upfront when we enter into a new contract with Ag-West Bio, and the 100 would likely represent the 20 per cent, which would mean the total contract was 500,000.

Ms. Sproule: — In essence this was a two-year program and they were provided, it looks like \$500,000 for coordination. And then it looks like there was an additional probably 600,000 for programming, if that's correct. What was the essence of the project?

Hon. Mr. Stewart: — We don't have that with us, that information, and none of us can remember, apparently. So we'll get that to you, if that's all right.

Ms. Sproule: — And I realize I'm delving into some very particulars of the operations. And I'm always amazed at the depth of the research and technology portion of your ministry, and I know there's some very important work that's going on here. I'll try a couple of others in terms of some of the programs that are being funded.

KPMG Consulting last year, well, '12-13, got a grant or an amount of \$68,000. Can you tell me more about what they did in terms of research programming?

Hon. Mr. Stewart: — Thank you, Ms. Sproule. KPMG did an assessment of the overall value to the industry of our research that was done under the Agriculture Development Fund, and the total amount of that was \$68,710. And that's what that was.

Ms. Sproule: — I'm sure it's available somewhere, but I'm just wondering would it be possible to get a copy of that assessment provided?

Hon. Mr. Stewart: — It looks like we can get that for you.

Ms. Sproule: — Thank you very much. I wanted to ask a few questions about irrigation. And I think for the benefit of our guests tonight, they might be interested in hearing a little bit about irrigation here in Saskatchewan. I know Western Australia is fairly dry.

I see here that the Irrigation Crop Diversification Corporation was given 95,000 in '11-12 and 55,000 in '12-13. And I'm just wondering, I know there were a lot of changes last year in terms of funding for irrigation. We talked about it a bit in estimates. But if you could give the committee an update in terms of what that corporation's research is, what they're trying to accomplish, and if there are any changes in terms of irrigation over the past year in the ministry.

Hon. Mr. Stewart: — The objects and purposes of Irrigation Crop Diversification Corporation are as follows: (1) to research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigation crops; (2) to develop or assist in developing varieties of crops suitable for irrigated conditions; (3) to provide land facilities and technical support to researchers to conduct research into irrigation technology, cropping systems, soil and water conservation measures under irrigation, and to provide information respecting that research to district consumers, irrigation districts, and the public; (4) to co-operate with the minister in promoting and developing sustainable irrigation in Saskatchewan. ICDC [Irrigation Crop Diversification Corporation] was established under *The Irrigation Act, 1996*. Is that the information that you're looking for, Ms. Sproule?

Ms. Sproule: — About the irrigation corporation itself, sure. I'm just wondering if the ministry has any other sort of developments in the area of irrigation. There was a lot of big changes last year, so if there's any update on that?

Hon. Mr. Stewart: — Owning and operating irrigation districts, we determined was not a core business of government or shouldn't be. The ministry owns irrigation assets in 15 irrigation districts and employed operations staff in two of those. The ministry has taken steps to transfer its irrigation district assets and staff to the respective irrigation districts as per a cabinet decision.

The affected irrigation districts and the Saskatchewan Irrigations Projects Association, or SIPA, have been consulted in February 2014. The ministry abolished all five positions of its operations staff located at the Luck Lake and Riverhurst irrigation districts. The ministry intends to transfer assets to seven irrigation districts by April of 2016. The irrigation districts, we're working with them. There's varying levels of buy-in at this point, but recognize that taking on full responsibility for their infrastructure and staff is a natural progression.

Ms. Sproule: — I'm wondering if the ministry has obtained fair market value assessments of all the assets that are being transferred. Is that something that you have a record of?

Hon. Mr. Stewart: — Well I'm informed that the answer to that question is yes. It was a long explanation, but that was the answer that we came to.

[19:45]

Ms. Sproule: — Okay, I guess my next question is, are they being transferred for fair market value? Or is there consideration being given in terms of the districts taking over these . . .

Hon. Mr. Stewart: — Yes. The question that we answered was yes, they're being transferred at approximately fair market value.

[19:45]

Ms. Sproule: — Back to the list then of the research programming, I note that Indian Head Agricultural Research Foundation obtained \$50,000 in '11-12 and they got \$55,000 in '12-13. I'm just curious as to the location because we know that the tree farm was there. Is this foundation doing research in relation to that, or is it doing something separate from that?

Hon. Mr. Stewart: — While officials are looking up that answer, I might also volunteer that irrigation infill funding is available under FRWIP [farm and ranch water infrastructure program], \$21 million over five years, and \$1 million again this year, last year and again this year, for irrigation district infrastructure, which includes bridges and culverts crossing municipal road allowance.

Responsibility for the maintenance and replacements of these bridges and culverts has never been resolved since the irrigation districts were established. Many of them are reaching the end of their service life, and it's causing issues between the irrigation districts and the RMs [rural municipality]. So the irrigation structures repair and replacement program was implemented last budget year. The program was funded to a maximum of \$1 million and administered by SARM, and program cost sharing was established at 65 per cent ministry and 35 per cent municipality.

Ms. Sproule: — Thank you. Just for the benefit of our guests, SARM is the Saskatchewan Association of Rural Municipalities. So the government often funds them as the rural municipal government level to do some of these programs.

When you say infill funding, what does infill mean?

Hon. Mr. Stewart: — Irrigation capacity being added within an irrigation district, not . . . You know, you can do it, you can expand irrigation acres through that methodology, the infill methodology, or develop new irrigation districts. And of course, the more economical alternative, as long as capacity exists, is to do it through infill.

Ms. Sproule: — And just in terms of the governance of the districts themselves, I assume they're all producers. Are they non-profit corporations or how are the districts established?

Hon. Mr. Stewart: — I think we're not 100 per cent sure if they're all incorporated, but they're producer-run organizations that are non-profit.

Ms. Sproule: — And how are we doing with Indian Head? Are we . . .

Hon. Mr. Stewart: — Three separate entities in that. Apparently the tree farm is one, the research farm is another one, and IHARF for the Indian Head Agricultural Research Foundation is a third one. So it's complex.

Ms. Sproule: — There's an organization, and most of these names are very explanatory, but there's one that I can't imagine what it is. So I'm going to ask if you could tell us a little bit about it. It's SeCan Association, S-e-C-a-n, and they received \$100,000 the last two years, of each. So I'm just curious what that would be?

Hon. Mr. Stewart: — That is a contract apparently for variety testing through SeCan. SeCan is a corporation involved in the registered certified seed business. And they test such things as barley, buckwheat, durum, oats, rye, triticale, spring wheat, winter wheat, canola, flax, soybean, peas, grasses, and legumes.

Ms. Sproule: — Thank you very much for that. Again for the benefit of our guests, we do have apparently a Saskatchewan Sheep Development Board who also receive funding from the ministry. And I don't have any particular question about that, but I just wanted to point it out. Also, just out of curiosity, last year on April 9th when we were doing estimates, we had guests from South Africa. I don't know if you remember that. So we must be a popular kind of committee. Anyways, I digress.

Again, I'm just curious, we see a lot of money being provided to the Government of Canada. And of course they're providing money this way, but the Receiver General for Canada, Agriculture and Agri-Food Canada received \$1 million in '12-13, and they received, it looks like, \$725,000 the year before. Just if you could tell the committee what the essence of that funding is for research and programming.

Hon. Mr. Stewart: — Yes, the exact number's 1,006,156 I believe, and it's to Ag Canada research stations around the province for a variety of programs.

Ms. Sproule: — All right. Thank you. We talked last year a little bit about the provincial council . . . I'm moving on to regional services now in subvote 7. And the Provincial Council of ADD [Agriculture Development and Diversification] Boards for Saskatchewan, I noted that in '11-12 it was around \$11.7 million, and it received quite a bit of a bump last year up to \$14.5 million. Just sort of curious about the increase. Is there a special program or why that went up?

Hon. Mr. Stewart: — The ADD boards administer payments to producers for BMPs or beneficial management practices of the environmental farm program. That's what that was. And it was larger last year because it was the last year of GF1 [Growing Forward 1]. It was, I guess, a kind of a cleanup.

Ms. Sproule: — For '13-14 then, do you expect that number to be lower again?

Hon. Mr. Stewart: — Yes. Nobody wants to guess at an exact amount at this point, but it'll be predicted to be substantially lower, being the first year of the new program.

Ms. Sproule: — I guess in terms of that program then, I know many farmers would've benefited from it. Is it considered to be

wrapped up, or is it taking a different form?

Hon. Mr. Stewart: — No, the program continues, but with some changes under Growing Forward 2. But it's new this year so, you know, it takes a while to get it up and running and, I guess, for the uptake to build up to with the new changes.

Ms. Sproule: — The next subvote is (AG04) and that's land management. And there's this Crown land sale incentive program, and I'm trying to understand it. Are these amounts that were actually paid out to producers? And I know there was only two in the previous year. In '12-13 there was seven that received over \$50,000. What would the nature of those payments be?

Hon. Mr. Stewart: — That program started out in what year? . . . [inaudible interjection] . . . We're in the fifth year of it. So it started out at a 10 per cent reduction in the price of Crown land sold to producers, and this year we're down to 2 per cent. This is the last year of the program, so those amounts that you see listed would represent reductions in price to the producers of Crown land to that amount. It was announced on November 15th, 2008.

Ms. Sproule: — So these amounts then reflect the subsidy or the discount, I guess, off of the fair market value of that Crown land. Okay. I see in this year's estimates it's significantly dropped, so that would reflect the winding up of the program?

Hon. Mr. Stewart: — Yes, we're down to 2 per cent this year.

Ms. Sproule: — Industry assistance. I think you talked about agriculture in the classroom and all of those are pretty straightforward. In the comprehensive pest control program, I note that SARM received a fairly large payment in '12-13, much larger than '11-12 for the pest control program. Maybe you could talk about that increase between '11-12 and '12-13 and what we could expect to see in '13-14 once the final numbers are in.

Hon. Mr. Stewart: — Up to \$950,000 for invasive plant management and plant control programs in this budget. The invasive plant management program is administered by SARM and provides services to rural municipalities, First Nations, watershed groups, and other stakeholders.

Ms. Sproule: — Just looking at this year's estimates, there's an additional 400,000 that's being provided. Is that for anything in particular?

[20:00]

Hon. Mr. Stewart: — I think that's the rat control program. We went from 1 million to 1.4.

Ms. Sproule: — How's that going?

Hon. Mr. Stewart: — It's going pretty good, I guess. We spent a lot more money . . .

Ms. Sproule: — You're spending more on it . . . [inaudible] . . . No seriously, are you finding some successes there, and why did you feel you need to invest more in the program?

Hon. Mr. Stewart: — Well SARM, Saskatchewan Association of Rural Municipalities, administers that, and they were of the belief that the million previously budgeted was no longer sufficient. So we want them to be successful at that, and so we increased it to 1.4.

Ms. Sproule: — Just moving on then to the financial programs, which is subvote 09. I wonder if there's any of these. My question here is a little more general. It's not in terms of any of these specific processors or . . . looks like livestock companies, but maybe you could just provide the committee with a high-level description of what these programs are. These look like they're individual producers, although I see Saskatchewan pork is there and the Canadian Cattle Identification Agency, but the rest of them look to be basically individuals or local companies. So what is the essence of these grants or how do you describe them? Grants, rebates, and guarantee programs, I guess.

Hon. Mr. Stewart: — Yes. I think this program manages programs such as the livestock loan guarantee program, the short-term hog loan program. I think that was a 2008 program, short-term cattle loan program, and the rest of the balance of what's left of the ACS portfolio.

Ms. Sproule: — So in terms of these individual companies that are listed, those are amounts they've received. Is that loan advances?

Hon. Mr. Stewart: — Programs like traceability, on-farm food safety, and water programs, I'm informed.

Ms. Sproule: — Traceability, food safety, and . . .

Hon. Mr. Stewart: — On-farm food safety and water programs.

Ms. Sproule: — I note that in the estimates last year that the total for these programs was \$26 million and it's gone up this year to \$33 million. That's an increase of 7 million if my math is correct. Can you indicate what the essence of the increase would be in this year's estimates?

Hon. Mr. Stewart: — Basically more demand for the programming.

Ms. Sproule: — Is there federal funding that supports this?

Hon. Mr. Stewart: — This is Growing Forward 2, so it's 60/40 federal-provincial funding.

Ms. Sproule: — Thank you. The subvote 10 is also I think part of the Growing Forward funding, and that's the business risk management subvote. Now that's where we see a large decrease this year on the estimates of \$40 million. And I know you alluded to that briefly in your comments when you began this evening, but if you could just sort of break it down a little bit in terms of . . . It looks like the largest would be in the crop insurance premiums where we see a fairly significant drop of about 34 million in the estimates. Just if you could for the committee, just give us more of a detailed explanation of why that's decreasing so significantly.

Hon. Mr. Stewart: — That's a good question. The two big ones are crop insurance and AgriStability. Crop insurance is down 32.9 million and AgriStability down 7.6 million, and that is strictly because of projected lower commodity prices. In other words, there isn't as much value to insure. And these are insurance-based programs so that makes them cheaper to deliver. And that's really the basic change in our budget.

Ms. Sproule: — I know I've heard you say that's not exactly a good news story, but it is what it is.

I'm just looking at . . . This is the provincial budget, *Steady Growth*. And on page 33, the Minister of Finance provided some of the commodity price assumptions that they base this year's budget on terms of, I guess, general revenues. We have asked the Minister of Finance how these assumptions were made and were told it was either Economy or Ag. And when we asked in Economy, they said it was Finance. So I'm just wondering if your ministry provided any sort of expertise or assistance in coming up with the assumptions, for particularly wheat and canola, for this year's budget.

Hon. Mr. Stewart: — Ag Canada projects the prices of the various commodities for insurance purposes, and their projection for wheat, hard spring wheat, this year is 5.04 a bushel and their projection for canola is 9.53.

Ms. Sproule: — 9.53 for canola. In the estimates, the assumptions are provided at the metric ton level. I'm just trying to do a conversion here.

Hon. Mr. Stewart: — We can get you that. 1.85 a metric ton for wheat and 4.20 for canola.

Ms. Sproule: — I think what we have in the budget this year, projected for 2014, is 235 for wheat which is, I guess, is \$50 a tonne more than what the figure Ag Canada has provided. And then in canola they're budgeting, assuming 470 which is \$50 also, \$50 a tonne higher than the Ag Canada projection. So where would Finance have got those figures? Do you have any idea?

Hon. Mr. Stewart: — Ms. Sproule, we're speculating that these would've been very close to the December prices. We expect that's when Finance took the snapshot of prices, and they dropped again since then.

Ms. Sproule: — I guess that could be bad timing in terms of estimates.

Hon. Mr. Stewart: — We never know how its going to turn out over the course of the year, but it could be.

Ms. Sproule: — Yes, well and that's obviously why they're called estimates. Yes, when I checked with some producers that look at these prices, they felt these targets were fairly optimistic. And I mean, we know that in January the story was quite a bit different. So we're just, I guess, wondering why Finance wouldn't have maybe reassessed at that point, but we'll see how the year goes.

I just looked at north west energy's web page today. And the cash prices in the future for the next year for canola, they don't

get anywhere over — what's the highest? — 458 metric tonnes. And then in the wheat price, we're looking at 214 and that's at March next year. So obviously there's a lot of assumptions that are going on there as well.

I think one of the things we're very concerned about with these kinds of assumptions is obviously the impact it will have on the estimates. And I know, as you indicated, that this is always a guessing game at best, but our concern is that they didn't take another look at it in January and there may be some fallout from that. I guess when we see supplemental estimates we'll have a better idea of how that bears out, but here we are in April. Okay, am I done with this? Excuse me for jumping around.

In terms of the crop insurance program delivery, I see there's an additional amount budgeted this year. Is that to deal with the livestock price insurance? Is that why it was?

Hon. Mr. Stewart: — \$1.1 million I think was the livestock price insurance.

Ms. Sproule: — For the staffing at Crop Insurance, would they show up in your FTEs? Like does this include additional staff?

Hon. Mr. Stewart: — They're a Crown corporation, so no they wouldn't.

Ms. Sproule: — And will there be additional staff added as part of the new program at Crop Insurance?

Hon. Mr. Stewart: — Yes, we have one person dedicated to the program within Crop Insurance but it's within the existing FTE complement.

Ms. Sproule: — So obviously they're not going to get \$1.1 million salary, so where would the money be going for that program delivery?

Hon. Mr. Stewart: — Basically two pieces to that. First of all, it's 60/40 federal-provincial money, so it's about 450,000 provincial share. The lion's share of that 450,000, which is our share, would go to the Alberta program where they do the IT [information technology] and the basic insurance work for the program for all four Western provinces. And most of the balance of that would be for information meetings and advertising for producers to make them aware of the program.

[20:15]

Ms. Sproule: — I figured IT was in there somewhere. They usually take a good chunk of change. In terms of the system, are you just using something that Alberta's already developed then?

Hon. Mr. Stewart: — Yes. Alberta's had the program for four years. It's been very successful there, so the program that the other three Western provinces including Saskatchewan adopted is basically their program, identical.

Ms. Sproule: — Okay, thank you.

Hon. Mr. Stewart: — And of course the customer service in Saskatchewan is provided through Saskatchewan Crop Insurance.

Ms. Sproule: — And I forget now, how many service centres do you have in Saskatchewan?

Hon. Mr. Stewart: — 21.

Ms. Sproule: — And has that changed in the past year?

Hon. Mr. Stewart: — No.

Ms. Sproule: — Okay. I'm just going to keep going through the stack here. I've got your Ministry of Agriculture '12-13 annual report, and I just wanted to ask for general information about some of the loan programs that the ministry supports. So page 21 under appendix B, there's a description of a number of programs there, and I just would like some basic information about them. I'm not really asking a lot about the pricing. I'll have a few questions later on.

But right now you have the livestock loan guarantee program, and if you could just tell the committee a little bit about what that is and what sort of payback rate . . . How is the success of the program? Are there any . . . I see there's a loss in ending balance. Looks like it's under \$3 million for '12-13. So maybe you could talk about that a little bit.

Hon. Mr. Stewart: — The program provides loan guarantees to encourage lending to members of feeder, breeder associations for livestock purchases and feedlot operators for construction or expansion of feedlots. As of January 31st this year, there were 63 breeder associations, 65 feeder associations, with a total of 1,591 active members and 63.14 million in outstanding loans. As of January 31st, also this year, there were five feedlot construction guarantees outstanding with 3.8 million in outstanding loans.

The livestock loan guarantee program also administers the federal interest rebate program for feeder association members. That's basically . . . [inaudible interjection] . . . Oh, right. Yes. To maybe alleviate some confusion, this was originally started back in the '80s, called the production loan program, and it was to allow for the establishment of feeder associations and expand feeding in the province.

In '91 the program was expanded to include breeding cattle. In '99 it was expanded to include feeder and breeder sheep and feeder bison. In 2004 the feedlot construction option was added. In 2007 the bison breeder option was added. And in 2011 the program was expanded to allow corporations to apply for membership in the associations.

Ms. Sproule: — I'm sorry, did you say allow appropriations?

Hon. Mr. Stewart: — Corporations to apply for membership in the associations since so many farms are now incorporated.

Ms. Sproule: — Oh I see. Right. I'm just interested in this discussion and juxtaposed to our discussion about ag credit, where that association or that program is being shut down over a number of years, and this seems to be expanding. So what would be the reason for that? Why would we be going further into livestock loans and not into . . . ACS was farm land.

Hon. Mr. Stewart: — This program is more focused on the

livestock side than ACS was. ACS in its early days provided help to farmers, grain farmers during the tough times of the '80s, and that's really how it got started. And it was pretty broad and not very focused. This is really focused on the livestock industry, this program.

Ms. Sproule: — I know you said earlier tonight that things are looking pretty good in the livestock industries. And I'm just wondering if you have any estimation of what the actual cost of this program is to the Government of Saskatchewan, and would that be something you'd look at ending at any point?

Hon. Mr. Stewart: — The program of course doesn't make loans. It's a loan guarantee program, so the costs are defaults, and oftentimes there are no defaults in a given year. Maybe there may be one or two. So the costs of the program are generally quite small.

Ms. Sproule: — So when we see the figures here on page 21 of the '12-13 annual report, we see an amount of, say, nine . . . I don't know if this is . . . Is this millions? I don't see what the actual . . . Is it \$9,900? Is that the actual? Where you see actuals for breeder associations for example. I don't know if you have the document. Maybe I was thinking these were millions, but they're actually in thousands of dollars. So these are just the amount that you've guaranteed them.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. Okay. And then it indicates that "Program participation is lower as a result of market uncertainty, producers exiting the livestock industry and additional options for financing." Is that something that we could expect in the past year as well? Is it going down?

Hon. Mr. Stewart: — No. Probably going the other way in the past year. And the livestock industry this year is pretty buoyant, probably as buoyant as it's ever been. So last year was a building year.

Ms. Sproule: — So in terms of this program then, I presume a producer would go to a lender in his home community. He would apply, and then the government would be asked to basically sign beside his name and provide that guarantee. And as you've indicated, the defaults have been very few in the last while?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. The next one would be the short-term hog loan program, and I know you talked about it a little bit earlier. It looks like it started in 1998. And here these are actual loans, if I am looking at this correctly, outstanding loans I guess. And it looks like there's about \$2 million in '12-13 that was outstanding, which is quite a bit higher than budget . . . million dollars. Could you . . .

Hon. Mr. Stewart: — This program started in '98 I think. But this 2 million roughly that's outstanding would have largely been from the final tranche that was made in 2007 during a serious downturn in the hog industry then. It's being paid back, but there's still some outstanding.

Ms. Sproule: — Would these be basically defaults that you're still collecting?

Hon. Mr. Stewart: — Yes. I don't think we're calling them defaults yet, are we? I think we're still collecting on these.

Ms. Sproule: — Okay, and any reason why — oh I guess this is for '12-13 — why the actual was so much higher than the budget for '12-13?

Hon. Mr. Stewart: — We estimated the collection rate.

Ms. Sproule: — I do see an explanation at the bottom of the page, a loan loss allowance adjustment. What does that mean?

Hon. Mr. Stewart: — The variance that you're talking about is because we budgeted lower, thinking that the collection rate the previous year would have been higher.

Ms. Sproule: — So it's just an adjustment. Thank you. I'm going to ask you to speak up a little bit because there's a fair bit of goings-on here. Appendix E then is the next one I'd like to ask a few questions about, and that's third-party funding. We see first of all a grant program called industry assistance grants, and it looks like this is a \$3 million budget line. First of all, where would that show up? I want to make sure I'm looking at the right part in the actual estimates for this year. I recognize this is '12-13, but is that . . . Third party funding, where would . . .

Hon. Mr. Stewart: — It's (AG03).

Ms. Sproule: — 03?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — I don't have 03 in this year's. This year's estimates don't show (AG03). We go from (AG01) to (AG05). Oh no, 04, 03 . . . I'm sorry. It's out of order. Industry assistance. So okay, thank you. I'm all together now.

In terms of the budgeted industry assistance grants then, we see a number of these: 4-H Council, Agriculture in the Classroom, Prairie Diagnostic Services, Canadian Centre for Health and Safety in Agriculture, and then a number of smaller grants I guess. Basically if you could just once again for the committee just give us a general description of what the ministry is trying to accomplish with this particular line, the budgeted industry assistance grants.

Hon. Mr. Stewart: — To support expansion, diversification of the industry basically. Prairie Diagnostic, what all are we doing for them now?

Ms. Sproule: — That was my next question, is what is Prairie Diagnostic?

[20:30]

Hon. Mr. Stewart: — Prairie Diagnostic is just the lab in Saskatoon where they do diagnostic testing.

Ms. Sproule: — I'm sorry. I only heard half of that.

Hon. Mr. Stewart: — Prairie Diagnostic is just the lab in Saskatoon where they do diagnostic testing, disease testing mostly.

Ms. Sproule: — So would that be for livestock?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Oh, okay. Thank you. I'm just looking at some of the larger numbers in some of these grants from your '12-13 budget, and we see that business risk management — oh I see — is \$224 million, but that's your contributions to AgriStability and AgriInvest and AgriRecovery.

And then Crop Insurance, 182 million, okay so that's . . . I'm figuring it out as I speak, so I don't think I have any particular questions on that one. We'll just put that over here.

Next up, farm land prices and sales. Back in December 2012, Minister Stewart, you were in the news talking about the rumours on coffee row about foreign landownership. And at that time, you had announced that you had asked the Farm Land Security Board to investigate and find out if there was anything to these rumours. I'm just wondering . . . And this is Mr. Folk, I think, that was, he was the manager of the Farm Land Security Board. I don't know if he still is.

Anyways, is there any update that you can provide the committee on the work of the Farm Land Security Board and the investigation that they were going to undertake at that time?

Hon. Mr. Stewart: — The board investigates every sale where there's a complaint or any suspicion voiced to them around a sale. There is one or two very much more in-depth investigations still ongoing, and so there's nothing new on that since, I guess, January.

There are fairly substantial fines and jail terms that can be imposed if individuals or corporations are found to be trying to get around our laws here as far as farm land ownership go, including \$10,000 per individual or up to \$100,000 per corporation per violation, and maximum jail terms of up to six months.

Ms. Sproule: — Thank you. One of the . . . I'm trying to figure out where this, it's an article posted by Prosperity . . . I guess it was *The StarPhoenix* that reported this. And they indicated that you confirmed the province hired an investigator with special skills and experience to augment the Farm Land Security Board's usual efforts. And I understand the Farm Land Security Board was going to work with this investigator and pass along information. Did you engage that investigator, and did they provide you with a report?

Hon. Mr. Stewart: — I'm not aware of a report, but I am aware that the investigator apparently provided information to the board for their review, and the review and the investigation are ongoing.

Ms. Sproule: — Oh, it's still going on.

Hon. Mr. Stewart: — These are complex. The worst of these cases are very complex, and so it's quite an issue.

Ms. Sproule: — I imagine some of the financing arrangements that are coming through are very intricate and complicated. And I know I've spoken with some analysts that feel that there are improvements that could be made to the Act itself to maybe tighten up some of these arrangements. Are you contemplating anything like that in the near future?

Hon. Mr. Stewart: — Well we'd be interested to know what options may be available to us, that's for certain.

Ms. Sproule: — The feeling that this one person had, and he's quite involved in the financial lending and acquiring farm land, was that although the title may be held in one individual who is definitely a citizen or a landed or permanent resident, that the financing arrangement is such that it's a shell title basically. And I know it's very difficult to pursue these, but certainly that concern on coffee row is still there. We know our prices are still a little bit lower than Alberta and Manitoba, so the competition is there to purchase this land.

Hon. Mr. Stewart: — Yes, that's true. Saskatchewan does have stricter regulations than the other provinces, but certainly it is true that these are very complicated deals, some of them, and take a substantial amount of legwork to find out what is actually happening in some of them.

Ms. Sproule: — I think part of the feeling was maybe even sworn affidavits by legal counsel representing the deals that this type of financing arrangement didn't exist, you know, and things to sort of make them more transparent. But I'll leave that with your ministry and the Ministry of Justice to try and sort out at this point.

Hon. Mr. Stewart: — Yes, that may be a solution. We're certainly willing to look closer at that.

Ms. Sproule: — Recently in the news, and I don't know this whole story very well, but there was a story of a number of sheep that were either starving or died, I can't even remember. And in that case, I'm just wondering if you have any further detail about that, and whether that individual . . . You know, it's a tragedy when that happens to livestock. And I know a number of people are taking up farming that maybe have no background or support systems. Is that something the ministry's aware of and looking into in terms of making sure this doesn't happen again?

Hon. Mr. Stewart: — Yes, this is a very serious situation, the kind of thing that we don't typically see. But from time to time, these things happen, as rare as they are. While the majority of producers take great pride in caring for their animals, these things do occasionally happen. The SPCA [Society for the Prevention of Cruelty to Animals] is the lead agency in these cases. And our ag officials are working with the SPCA on this case and have offered our services and full support.

We are committed to a high standard of care for livestock, as are the vast majority of livestock producers. We've, in recent years, increased penalties to \$25,000 for each violation in cases like this, and up to two years imprisonment for a conviction. We provide fairly significant funding to the SPCA, to the tune of 530,000 a year. And that's 194 per cent increase over the last seven years.

This is a very unfortunate situation and the kind of thing we all hate to see, but it's being dealt with. The sheep that survived are on a nearby farm, I understand, and being well looked after now. They will be sold, but they're being brought back into good condition before that happens.

Ms. Sproule: — That's tragic.

Hon. Mr. Stewart: — And an individual has been charged.

Ms. Sproule: — There have been charges laid?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. Okay, last year, I guess '12-13, we saw increases in a number of fees: livestock brand inspection fees, pesticide applicator licence fees, and other provincial fees, I think honeybee screening fees, and even some of the lease formulas, and community pasture grazing fees.

I don't know if you have this number, but I'm just wondering if you can tell the committee how much additional revenue that brought in to the ministry in '12-13 and '13-14. I don't know if it's too early for that number.

Hon. Mr. Stewart: — With this it's not only a myriad of fee changes, it's also volume changes as well. So we really don't have that rolled up into one number, I'm informed.

Ms. Sproule: — Okay, I'm thinking back to our earlier discussion on revenues and the own-source revenues. And I assume these fees are located basically in the other licences and permits category, which is up about \$160,000, but somehow I think it would be more than that. Okay. Well I know it's very difficult and there's a number of fees.

Is there any . . . I guess my next question then would be, are you planning to see further increases in the next fiscal year, or is it stable for now?

Hon. Mr. Stewart: — I don't think so, no. Lease rates, though, are. They're based on an annual formula that's adjusted annually. They're set for this year. They're set for this year now, but they will, you know, assuming conditions change materially next year, they'll go up or down according to the formula.

Ms. Sproule: — The formula was updated in '12-13, and it says that you're phasing in a fee increase over three years. So that's locked in for three years basically with, it sounds like, an incremental increase over that three-year period, based on the formula?

Hon. Mr. Stewart: — Yes, we're at full formula this year.

Ms. Sproule: — Okay. Actually the article I have has a number of anticipated revenue increases, and it looks like it would come up to 300, 800, probably around one and a half . . . no, 2 million for the cultivation lease. So several million dollars, I guess, would be the hope from the ministry's perspective. Okay, I'll leave that for now.

The final comment I have on this article and I'm curious about

is something called the Pastures Revolving Fund and the Livestock Services Revolving Fund. And I find your ministry just keeps unrevealing itself to me, all these funds. Where are they located in the estimates or in your budget? And what are they?

[20:45]

Hon. Mr. Stewart: — They're both found in the revolving fund section on page 170 and . . . [inaudible interjection] . . . Estimates book.

Ms. Sproule: — Okay, thank you. Revolving fund is established by statute and is used to account for specific government operations which recover all or a portion of the associated costs from the users. Okay.

Hon. Mr. Stewart: — The Pastures Revolving Fund is the Saskatchewan pastures program that the Saskatchewan government operates. And the LSS is the brand inspection that we talked about previously.

Ms. Sproule: — That fund is being wound up. And then for the Pastures Revolving Fund, just generally, is it cost neutral? Or is there an expense involved for the ministry?

Hon. Mr. Stewart: — I'm informed that it makes about \$2 million that covers off the oil and gas revenues, and that money is transferred to the GRF.

Ms. Sproule: — And what is the expense for that fund? Is there any? Or is it just straight revenues? I suppose you're staffing to manage it.

Hon. Mr. Stewart: — Staffing, fuel costs, fencing . . . [inaudible interjection] . . . Yes, that sort of thing. Sometimes water, dugouts, and so on. Spring maintenance.

Ms. Sproule: — The fund itself, is that overseen by an independent board or is it fully within the ministry?

Hon. Mr. Stewart: — Within the ministry.

Ms. Sproule: — Basic questions, but there's lots going on here. I'm just wondering, Mr. Chair, if we could take a five-minute break to stretch.

The Chair: — Have I got agreement from the committee? I think we have. We'll take a five-minute break. We'll resume shortly before 5 to.

[The committee recessed for a period of time.]

The Chair: — It now being 8:54, we will call the committee back to order and I'll recognize Ms. Sproule.

Ms. Sproule: — Just some housekeeping questions at this point before I forget, and just some general questions about ministry travel in the last year. If the minister . . . I don't know if you have any information you could share with the committee in terms of how many travel trips were made and who was on the mission. I see there's one here, an international trade mission for 12 days to India, the UAE [United Arab Emirates], and

Morocco. And you know, just sort of if you could provide some information on that travel to the committee.

Hon. Mr. Stewart: — Before I do that, I've been advised that the KPMG study that you asked about, Ms. Sproule, that talks about returns on research, it's posted on our website. So I think you'll be able to find it there if you like.

Yes, that recent trip to India, United Arab Emirates, and Morocco, they're all important trading partners of ours. India is our fourth-largest agri-food export market at \$691 million a year, well in 2013 anyway, mostly lentils and peas. United Arab Emirates is our ninth-largest agri-food export market at \$229 million in 2013, mostly lentils and canola seed. Morocco is our 10th-largest agri-food export market at 220 million in 2013, mostly durum wheat and some pulses.

The mission gave us an opportunity first of all to, you know, meet and thank the importers for their past trading relationship, discuss issues or concerns from the importers' perspectives, such as transportation, need for free trade agreements, science-based trading rules, quality issues, and so on. We discussed opportunities to expand future trade, for example canola oil. There's huge potential for further exports of canola oil to India and more pulses to the United Arab Emirates and possibly Morocco.

Canola oil importers have since come to Saskatchewan to explore opportunities here. And of course we were promoting Saskatchewan's agriculture investment opportunities in food processing and so on and to strengthen the government and the industry relationships in these countries.

On the mission I gave three main addresses, one to the Progressive Punjab Agriculture Summit with over 300 farmers, researchers, food industry people, and Indian government officials in attendance. The Pulses Conclave in Goa, India, over 800 delegates in attendance from most parts of the world, I gave a major address there, and also at the Gulfood World Food Security Summit in Dubai with 300, roughly, people from the food industry value chain from United Arab Emirates and surrounding region and people from all over the world there to view the exhibits and so on at the summit, and government ministers also from all over the world.

We met with pulse and canola importers in India, attended the Gulfood show, talked to exhibitors from Canada and other countries, and met with pulse and cereal importers in Morocco, met with government ministers and officials, encouraged free trade agreements in India and Morocco, met with private companies and individuals in the region interested in Saskatchewan trade and investment opportunities, met with port officials in Mumbai and a retail store owner in Mumbai about selling Canadian products retail. I think that's basically the gist of what we accomplished on that trip. And as I said, we've already had one visit back to Saskatchewan as a result of that.

Ms. Sproule: — Can you tell us how many individuals from the ministry went on the trip and what the total cost of the trip was?

Hon. Mr. Stewart: — There was myself and two individuals from the ministry. We also had the president of the

Saskatchewan canola council with us particularly to promote canola and canola oil, and especially in India but also in the United Arab Emirates. Did I answer that question?

[21:00]

Ms. Sproule: — What's the cost?

Hon. Mr. Stewart: — We don't have that all compiled. We have the air fares. They were about \$14,300 each for the three of us from the ministry. And the president of canola council was less than that because he didn't accompany us to Morocco. He was \$10,000 roughly.

Ms. Sproule: — Were there any other out-of-country trips taken by yourself for the ministry in the last fiscal year?

Hon. Mr. Stewart: — Yes, the Midwestern states trade mission. That was in June. We were speaking with people in the grain handling industry in the United States, as well as the packing industry, with a view to obtaining interest in the packing plant in Moose Jaw for one thing, and also about rallying support in our sort of issues with the US [United States] government around COOL, country of origin labelling. I attended. That was in June. In July, as outgoing president of the Pacific NorthWest Economic Region, I attended their summit in Anchorage, Alaska, and in November the North American Meat Association meeting in Chicago, Illinois. That was largely about COOL as well. That would be it.

Ms. Sproule: — And how many individuals went with you on those trips, from the ministry?

Hon. Mr. Stewart: — Accompanying me on the Midwestern states trade mission were two ministry officials; PNWER [Pacific NorthWest Economic Region] meeting in Anchorage, Alaska, one person from my office; the North American Meat Association meeting, just one person from my office. And that's it.

Ms. Sproule: — For the record, Mr. Minister, when I asked this question from the Minister of the Economy, he had a chart ready for me with all the costs. Just so you know. Not that I want to create a rivalry or anything.

Hon. Mr. Stewart: — I'll have to bump it up a notch I guess.

Ms. Sproule: — Thank you for that. Obviously those trips are important and I think do serve an important public service function. And certainly with, you know, being an export ministry, that's something that's necessary and important.

I just want to move on to another fund, and I'm little curious about this one, the Horned Cattle Fund. One of the questions I have is, according to the Act . . . I think it's section 6 maybe. I have to find it. Here it is. The fund is established under section 6 of *The Horned Cattle Purchases Act*.

Some time ago, and actually in 2002, there was an amendment passed . . . not passed. There was an amendment introduced, Bill No. 6, where there was supposed to be an increase in the fees that would be charged against the cattle producers. And I assume that was a bad time for that to happen because that's

when BSE [bovine spongiform encephalopathy] struck, and it's just been sitting there ever since. However when you look at the financial statements for the fund, it seems to be going down and down and down and down and down. So I just would be interested in your views on whether those fees will be ever proclaimed.

And then secondly, under section 6(2) of the Act, there's a requirement for the tabling of documents, for the documents to be tabled. And I guess the question is, we can see them up to, on the website they go up to about 2008 maybe, but there's no further ones published on the website, unless I'm looking in the wrong place. So are you still publishing them on the website? And what's happening to the fund?

Hon. Mr. Stewart: — We're still tabling the financial statements I'm told. It's very small money. Very few people market cattle with horns on them any more. The market, apart from the deduction, the market penalizes far more strictly than that. And so very few cattle are sold with horns on them, and that's why the numbers are so small now.

Ms. Sproule: — Are you anticipating ever introducing those increases in the fees?

Hon. Mr. Stewart: — Probably not. Not really. I doubt it.

Ms. Sproule: — I suppose at this point in time if there's no . . . Do you have any idea of the actual numbers of cattle with horns that are being marketed, rough, rough, rough, and how much it's dropped percentage-wise?

Hon. Mr. Stewart: — It's been tailing off for probably 40 years, but it's just been a gradual . . . And as time goes on, the market penalizes more and more for cattle with horns. Feedlots don't want them, and nobody wants to deal with them.

Ms. Sproule: — Thank you for that update. We talked a little bit earlier about the Livestock Services Revolving Fund. It is accumulating it looks like an operating deficit. I have the year-end, March 31st, 2013, and then I just went back in time and grabbed some of the older ones. And like 2003, so about 10 years ago, it actually had a positive account of about \$560,000, so it's a loss of about a million dollars over 10 years. Can you explain why the fund seems to be losing money?

Hon. Mr. Stewart: — What happened there was after BSE, we just didn't raise the fees for a number of years. Three years ago there was an increase, and again two years ago, but before that I guess the fund was in a deficit.

Ms. Sproule: — I think it's going more into deficit now though.

Hon. Mr. Stewart: — The increases apparently didn't keep up with costs.

Ms. Sproule: — Are you intending to get those increased in the future?

Hon. Mr. Stewart: — It's under LSS now, so it's the industry's call.

Ms. Sproule: — Are they assuming that deficit? Are they taking over the deficit as well?

Hon. Mr. Stewart: — That's being covered for them.

Ms. Sproule: — So that's being covered off by the ministry.

Hon. Mr. Stewart: — Yes. And the Horned Cattle Fund I'm informed is in the compendium.

Ms. Sproule: — You know what? I don't know what the compendium is. I'll have to find that out. Yes, I will.

Auditor's report 2013 volume 2, chapter 3, Agriculture, I just have one quick question on that, and that's basically one . . . It was on part 4.0 of the chapter on year-end estimate process. The recommendation was that the “. . . Crop Insurance Corporation work with the Ministry of Agriculture to develop processes to ensure that the annual fiscal year-end estimates for AgriStability . . . benefits are reasonable, consistent, and current.”

And on the next page, page 35, they show a four-year history of the percentage change in terms of the accuracy of the estimates. And it looks like in one year it was 88 per cent off, and another year it was 50 per cent off. And that had not been implemented at the time that the auditor issued this volume 2. So I'm just wondering if the minister or staff could bring us up to date on any progress in relation to that.

[21:15]

Hon. Mr. Stewart: — This has been lately an ongoing issue with the Provincial Auditor. These forecasts come from the federal government, and we just use them. The auditor . . . Sometimes they're very close, and sometimes they're not so close. And the feds provide them when they get around to providing them. And I think the auditor's had issues with both of those two pieces. I think Mr. Arscott has some information about perhaps what Alberta's been doing and so on.

Mr. Arscott: — Well actually Alberta and other provinces are using the same forecasting methodologies that we are for accruing the year-end estimate of what our future liability will be, and other provinces haven't received the same sort of qualification from their auditors as far as what the variability might be.

So it really is a question of forecasting the future, what the expenses will be. We're using the federal forecast. They're taking the best information that they have at the time to compile the forecast, and we're using that at the end of the year, with the full understanding that the future variability will happen because when we're doing the forecast the crop isn't even in the ground.

Ms. Sproule: — That makes sense. Thank you. What's next? Growing Forward 2. I know when we spoke last year in estimates, you were just getting ready to make some announcements in relation to the new program. And again I just have some general questions about some of the information that was released since the last year of estimates, on April 6th I think it was last year.

And the one that I tagged trying to figure it out . . . This is the backgrounder from Growing Forward 2. And there's a discussion here, which is everyone's favourite word lately, it's the lean improvements in manufacturing program with a lovely acronym, SLIM, Saskatchewan lean improvements in manufacturing. Can you tell us a little bit about that program?

Hon. Mr. Stewart: — Well SLIM is a program to help value-added companies streamline, gain efficiency in their processes and so on. It can be equipment improvements, improvements in processes, and that sort of thing. And it provides financial support to agribusinesses that process bio-products — food and feed — that stimulate improvements in productivity and efficiency through the adoption of best practices, new technologies, state of the art processes. That's the written description of it here.

Ms. Sproule: — The acronym lean, is there a formal lean training that's part of this, or is it just lean-like? It's slim but not lean.

Hon. Mr. Stewart: — No. There's no lean training.

Ms. Sproule: — Okay. What is the amount that's been provided to processors?

Hon. Mr. Stewart: — Applicants are eligible for 50 per cent of the cost of improvements up to a maximum of \$500,000. \$787,000 has been provided in total to date.

Ms. Sproule: — And that's since last year when it was announced?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — How many projects would that represent?

Hon. Mr. Stewart: — Fifteen companies have been approved. So obviously they're relatively small individual pieces.

Ms. Sproule: — And these are all value-added companies here in the province?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. I would like to move now into community pastures. I see an article in *The StarPhoenix*, March 22nd, that five more pastures are set to be transferred to the province in April. First of all, maybe you could just tell us which pastures those are?

Mr. Hoehn: — Wally Hoehn, executive director, lands branch. So are these the last five pastures that have signed? Is that the question? They would have been Lone Tree, Keywest, Excel, Fairview, Newcombe, and I'll just have to find the last one. I'm just going from memory. Did I say Lone Tree? Can I just give you the list of 10? Would that be okay?

Ms. Sproule: — I was going to ask about the other five too, and what status . . .

Mr. Hoehn: — So I might as well give them to you: Estevan-Cambria, Excel, Fairview, Ituna Bon Accord, Keywest,

Lone Tree, McCraney, Newcombe, Park, and Wolverine.

Ms. Sproule: — And if you could provide the committee with an update on all of them. Like are any of them completely transferred now? Have leases been signed? And I guess before I forget, the one question that I have is, do you have any say in which ones they are, or is the federal government determining that?

Hon. Mr. Stewart: — All ten leases are signed. The federal government picks the timing in consultation with us. We've had some say in which pastures go in which order, and the patrons wanted that so that they knew where they'd be in the batting order.

Ms. Sproule: — So when you say all 10 have leases signed, that's with the patrons' associations?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. The article had said they were set to be transferred, but I wasn't aware that it already had taken place. So this would be very recent then?

Hon. Mr. Stewart: — The last five were in the last couple of weeks, I guess.

Ms. Sproule: — Okay. All right.

Hon. Mr. Stewart: — The land had to be transferred March 31st apparently.

Ms. Sproule: — March 31st. That would be the federal-provincial transfer?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. Do any of them have federal lands that are not yet transferred to the province?

Mr. Hoehn: — So you're wondering non-reversionary lands?

Ms. Sproule: — Yes.

Mr. Hoehn: — Excel has non-reversionary land. Fairview has non-reversionary land. Ituna has just a small 20-acre parcel, I think. Keywest does, McCraney does, and Newcombe does.

Ms. Sproule: — And you indicated one of them was a smaller parcel. On the other five, would these be quarter sections or sections or what type?

Mr. Hoehn: — They'd be quarter sections and larger, yes.

Ms. Sproule: — And what's the status of the reversion?

Mr. Hoehn: — Non-reversionary?

Ms. Sproule: — Well will they be reverted? Are they going to be reverted, and is the province having to buy them from the feds, or are they just going to be transferred at no cost?

Hon. Mr. Stewart: — No, we're hopeful that they'll be

transferred eventually, but the federal government seemed to have some confusion with their own processes for a while, and now it seems that they have to go through a protocol that they didn't seem to be counting on earlier on in our discussions. So we're still hopeful that they'll be transferred. We've offered to trade provincial Crown land for them if that will help make it happen. It's just going to take some time.

Ms. Sproule: — I think part of the disposal process for the federal government involves that some treasury board policies regarding federal property transfers, and I would assume that the requirements of the treaty land entitlement framework agreement are part of this process. Do you know if they're going through the disposal process as surplus lands and then offering them up to First Nations under TLE [treaty land entitlement]? Is that the way they're headed?

Hon. Mr. Stewart: — That is what we've been told.

Ms. Sproule: — So then you'll wait and see if any First Nations are interested, and then if no one is, then they would go to the province at that point.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — All right. As far as you know, are any of these non-reversionary lands . . . have First Nations made a bid or a request for them?

Hon. Mr. Stewart: — The federal government may be aware of something, but I'm not aware of any specifics.

Ms. Sproule: — I guess you'll hear once they announce it then. Okay. I'm just curious where the status of these lands are at. So in terms of the leases then, all the patrons would have signed the licence agreement for the federal lands, and they're taking occupation of those as well in the transfers.

Hon. Mr. Stewart: — Yes, that's part of the leases.

Ms. Sproule: — The patrons' associations that are taking over these 10, I'm assuming they've all formed non-profit corporations.

Hon. Mr. Stewart: — I'm informed that there's only one not-for-profit. The others are for-profit corporations.

Ms. Sproule: — In that case, would the leaseholders be . . . I guess the patrons would be shareholders then in a for-profit lease or for-profit company. Are there any requirements for creating new shareholders? Let's say they want to add patrons, or if one shareholder is able to buy everybody else out, is that any concern to the ministry?

[21:30]

Hon. Mr. Stewart: — They're expected to report any changes in shareholders to us. And any new patrons are required to be reported to us and approved by us actually.

Ms. Sproule: — That's my next question. Do you have to approve it after being reported?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — All right. And those would be terms within the lease then?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. You'll recall at SARM in March . . . When was this? March 21st it was reported in the news. There was concerns by some of the rural municipalities where the pastures are located, that they're of the view that there was a condition when the lands were taken originally that they would be returned to the RMs. There was talk of a lawsuit. I don't know if that's gone any further. Have any of those RMs provided your ministry with the information you were looking for to say if they have a valid claim?

Hon. Mr. Stewart: — They haven't been able to provide us with anything from the Land Utilization Board or the federal government. Our legal counsel has reviewed the minutes of the Land Utilization Board from 1936 to 1963, and they found no agreements between the LUB [Land Utilization Board] and the RMs for land to be reverted to the RMs. You know, if RMs have such agreements, we'd be very interested in seeing them, and we would certainly honour them, but not to this point.

Ms. Sproule: — I knew there was something I had forgotten earlier, and when you mentioned lawyers it reminded me. And this was in the transfers from '12-13, listed in Public Accounts, and there were a couple of legal bills I wanted to ask the minister about.

First of all there was the Nelson Mullins Riley & Scarborough law firm that received another \$99,000 in '12-13. I did ask you about it in '11-12 last year. Can you tell the committee what kind of legal services that they provided over and above the services of your own Ministry of Justice?

Hon. Mr. Stewart: — Yes. They're a law firm that's based out of Washington DC [District of Columbia] and they provide . . . they consult on trade and information and contacts and so on, on our American files.

Ms. Sproule: — Note that the amount for '12-13 is very, very close to the amount for '11-12. Would this reflect a retainer amount or is it actual services billed?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — So they're a retainer. So this would be an annual fee, and you've got them engaged for this year as well. Okay. Also there's MNP LLP. Is that Meyers Norris Penny? And that would be accounting services, \$50,335?

Hon. Mr. Stewart: — Yes. Yes, they provided a beef feed and forage review on the structure of what we're doing in that regard.

Ms. Sproule: — Structure of what in particular?

Hon. Mr. Stewart: — Research and facilities.

Ms. Sproule: — Is that also available on the websites, the

results of their report?

Hon. Mr. Stewart: — The officials think it's on the website, but it's public and it's available in any event. So if it's not, we'll try and get it for you.

Ms. Sproule: — Thank you very much. Just on the goods and services, there's a couple of other questions I had wanted to ask earlier as well. There's an individual there named, I assume, Shelley Jones, for \$74,000. What was that expense for?

Hon. Mr. Stewart: — She's been on contract to lead our ag awareness strategy.

Ms. Sproule: — And where is she located?

Hon. Mr. Stewart: — Here in Regina. The Walter Scott Building.

Ms. Sproule: — Is that the name of her company then, or she bills in her own name?

Hon. Mr. Stewart: — It's her own personal name.

Ms. Sproule: — And AdFarm went up from the year before quite a bit. I'm just wondering what that company is.

Hon. Mr. Stewart: — AdFarm is our advertising agency for advertising programs and the like.

Ms. Sproule: — And where are they located?

Hon. Mr. Stewart: — Calgary, Alberta.

Ms. Sproule: — Couldn't find anybody here?

Hon. Mr. Stewart: — It's a competitive bid process, and under the New West Partnership we can't really pick and choose strictly Saskatchewan companies.

I'm informed that the beef feed and forage review is on the website.

Ms. Sproule: — Okay. The very last item on the goods and services, or I guess in the transfers, is other expenses. And last year there was a \$380,000 payment to Rolling Hills Feedlot Inc. I'm just wondering what that would be. What would that represent?

Hon. Mr. Stewart: — We're not sure why it appears under other expenses, but that is a payout under the livestock loan guarantee program. A defunct operation, I believe.

Ms. Sproule: — Under the livestock loan guarantee. Is that a fund?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Yes. And if it's . . . Just maybe explain this to me a little bit. If it's defunct, is this sort of a writeoff of a loan then?

Hon. Mr. Stewart: — Yes, I think that's it. It's a guarantee

that's being paid out.

Ms. Sproule: — Okay. The year before there was one for \$134,000 for Pipestone Feeders under the same category. Was that similar?

Hon. Mr. Stewart: — Same thing. Yes.

Ms. Sproule: — Okay. So why wouldn't those show up under the funds themselves?

Hon. Mr. Stewart: — It's a liability to the ministry under the livestock loan guarantee program. So that is apparently the way it's being shown in both cases.

Ms. Sproule: — All right. Thank you. Let's move now into some questions about the recent crisis in grain transportation. I guess the first question is about railcars. And I don't have any information here on the railcar fund, but that's not administered by your ministry, right? Like, that's transportation.

Hon. Mr. Stewart: — No, it's a corporation under the Highways ministry.

Ms. Sproule: — Highways, yes.

Hon. Mr. Stewart: — Highways and Transportation.

Ms. Sproule: — Do you have any discussions with the Minister of Highways about the railcar . . .

Hon. Mr. Stewart: — Yes. Both the Minister of Highways and I sit on the board of the railcar corporation.

Ms. Sproule: — Can you advise the committee if there are recent discussions from that corporation regarding addition to the stock of the corporation?

Hon. Mr. Stewart: — No, there haven't been. I believe the vast majority of the cars owned by the corporation are leased out. And that's the way it remains at this point in time.

Ms. Sproule: — And when they're leased out, just so I'm clear, is that to shortline rails?

Hon. Mr. Stewart: — Shortlines, yes.

Ms. Sproule: — Okay. One of the questions, I'm just wondering if you have any update for the committee in terms of the number of cars that have been delivering grain to the terminals at the coast. Have they been meeting their targets? I think we're a couple weeks now into the federal order.

Hon. Mr. Stewart: — The last I knew, they were very close to meeting them at least, and that was about the time that we were I think getting to the time limit. I suspect they are. Grain has been moving much better recently. At least it's been moving, and so that's an improvement.

Ms. Sproule: — Absolutely. I think everybody's thankful for that. Do you have a sense whether it's moving better from, say, Alberta than eastern Saskatchewan? I think there's some concern about cherry-picking on the part of the railways.

Hon. Mr. Stewart: — Yes, we share that concern. Certainly throughout the winter, it was moving better out of Alberta than it was out of Saskatchewan. And it's certainly moving better off mainlines than it has been off branch lines and shortlines. So we're not entirely satisfied at this point, but it's early days and we're hoping for improvements. And we will be staying on top of this file. There'll be other opportunities to make improvements, hopefully through the process of setting regulations to accompany this legislation. And the *Canada Transportation Act* is going to be reviewed in the not too-distant-future as well, and we'll be wanting to be engaged in that process too.

[21:45]

Ms. Sproule: — Have you had a chance to discuss that very issue of picking winners with the minister? I'm just looking at your letter of March 27th that you wrote to Minister Ritz and Minister Raitt, and I don't think you raised that issue at the time.

Hon. Mr. Stewart: — I think we did. We phrased it as service to all customers in all corridors. That's what was meant by that. And that includes shortlines and all mills, both in Canada and the United States, and just what it says, service to all customers in all corridors.

Ms. Sproule: — I'm trying to find that. Okay. I think one of the main concerns that I know you're aware of and we're hearing a lot of concern about is the size of the basis right now. And some of the numbers I get, like today the crush margin for canola was \$220 per tonne, and a year ago it was \$23. So what is that; I can't even do the math in terms of percentage increase that that represents. What sort of solutions or proposals are you looking at to return the basis to what we would consider normal levels?

Hon. Mr. Stewart: — We're going to expect to see that start to return to more normal levels, but the explanation for that that we get is that grain that's being moved now is not on new contracts. It's on old contracts. So until the old contracts get cleared away, the current basis won't likely be affected too much. So it's going to take some weeks yet of decent grain movement, I think, to make much difference to the basis.

Ms. Sproule: — One of the other questions we had is how are rail cars going to be allocated, by whom, when there's a backlog?

Hon. Mr. Stewart: — Well the grain industry orders the cars under the system that we have now. That system had been working quite well, and I assume that it will continue to. We'll be watching that too. Even all through this slowdown of movement, coordination hasn't been a problem. Now it sort of appears that the railways are trying to make it a problem in the last couple of weeks, but to our knowledge at this point it still hasn't become a serious problem. The problem has been all winter that elevators on the prairies are full and terminals are empty and ships are waiting.

Ms. Sproule: — In terms of co-ordination there was comments made by an individual, his name is Perry Pellerin. And he's with the GNP Grain Source group, and he said, "What we're seeing now is a bit of situation where grain is arriving . . . not in

the sequence that the terminals would like to see.” He said:

“At Alliance (Terminal), we have about four vessels half started, but we can’t finish any of them. We’re waiting for small pockets of (grain) cars from all over the country.”

Pellerin, whose company provides grain logistics services to four independent, farmer-owned grain terminals in Western Canada, said logistics coordination is just as important as volume.

So I think he’s concerned about logistics, and I’m hearing you say that your concern is that the railways are causing this problem. Do you think there’s any other factors that could improve the situation? Because I am hearing logistics is an issue and, I mean, you’ll hear people say it’s the . . .

Hon. Mr. Stewart: — Well I think in the last couple of weeks, it may be. The railways are trying to make it an issue so there’s somebody else to blame besides themselves. But all through the winter or through the worst of this crisis, logistics wasn’t the problem, but it may be now because of their efforts to divert blame.

Ms. Sproule: — I think, I mean the spectre of the Canadian Wheat Board looms large over all of this. And I’m hearing from producers that aside from its marketing role it did play a role in logistics of grain handling, things like, at the beginning of the crop season they knew that, you know, the canola producers on the open market were going to move their canola as quickly as possible. So they would sort of hold back a little bit, and then through the pooling process were able to strategically use all the ports rather than trying to get everything through to Vancouver.

I’m just wondering if you’re hearing any of that and any of your advisors are advising that there is a function that they serve that might be able to be recreated by something like the Grain Transportation Agency or something like that.

Hon. Mr. Stewart: — Well I can’t say that I’m not hearing it at all. It’s certainly the talk in some coffee shops, but as far as from credible industry people, I don’t think we’re hearing it much.

We are hearing though that the railways are trying to jam up logistics. They’re just not complying with the system that is in place — that the grain companies order the cars — and so that may be a bit of a problem. But we’ve always, we’ve had logistics problems before when the Wheat Board was trying to coordinate this too. It all hinges on the railways co-operating with the orders that they get. And I think right now the situation is that they’re not 100 per cent of the time doing that.

Ms. Sproule: — And we all know there is a number of important . . . It’s a complicated chain and there’s lots of factors involved.

One of the comments I heard by an economist from Saskatoon was that even if the railways were able to deliver at peak capacity throughout the winter, then the congestion would have just moved to the terminals because he said there isn’t really enough space there either. I’m just wondering if you have any thoughts about that and any discussions with the federal

minister on expanding terminal capacity.

Hon. Mr. Stewart: — Well the industry is convinced, the grain industry is convinced that they can handle 11,000 cars a week. That’s 5,500 each railway even when Thunder Bay is closed and Churchill is closed. But then it makes it all the more important that all corridors are serviced. We need to be sending grain to US mills and Canadian mills and so on. It can’t just all go to the two British Columbia ports or there will be problems.

Ms. Sproule: — In terms of your discussions then with the federal level, is that something you feel that they’re going to be able to encourage through the regulations or . . .

Hon. Mr. Stewart: — I think so. It’s perhaps not exactly the way we’d hoped it would be, but we’re assured that there will be provisions for level of service agreements for all customers on all corridors that will be binding on both the suppliers, the grain companies, and the railways. So we’re still hopeful that it will be done, if not through the front door, then through the back door.

Ms. Sproule: — Does your ministry have any estimate, economic estimate of the amount that’s coming out of producers’ pockets through . . . because of the basis, the large gap?

Hon. Mr. Stewart: — I did see some numbers. I think they took more than basis into account though. Yes, it’s fairly . . . It’s difficult and complicated because the basis is wide, but a lot of grain that’s moving now was contracted with a much narrower basis earlier on. So it’s hard to calculate what grain is actually going to be traded at that wide basis. I’d suggest not so much. But we’re going to need some more time too to know that. But some industry experts — this is one of the more reasonable-looking estimates — estimate impacts to Saskatchewan producers to be as high as 2.5 to \$3.3 billion. And we’ve heard higher ones than that, but it’s so unpredictable at this point. We just don’t know how much grain’s going to be traded at the wide basis.

Ms. Sproule: — And that’s, even if that’s conservative, that’s pretty devastating numbers.

Hon. Mr. Stewart: — It’s serious, very serious.

Ms. Sproule: — Yes. One of the comments that’s often made is the idea of price discoverability or price transparency, that if individual producers had more access to those numbers, it would help them make better decisions or more informed decisions anyways. Is that something your ministry’s willing to invest in, is to create that or provide farmers with that transparency of West Coast values because there’s no price discoverability in the market right now?

Hon. Mr. Stewart: — There is actually a lot more price transparency in the market now than there used to be under the Wheat Board. And certainly the federal legislation is requiring much more frequent reporting of car unloads and grain movement, which should give producers some valuable insight as to where basis should be.

So it’s never perfect, but I think the market signals are stronger

and probably easier to read and will be easier to read when the new reporting is completely up and running and more information becomes available in that way.

Ms. Sproule: — So you don't see a role for your ministry here in assisting with that kind of transparency?

Hon. Mr. Stewart: — In all commodities there's an open market, and I think the market signals are there. And the thing that's been lacking is good numbers on grain movement and car unloads, that sometimes producers don't get good information on what's causing basis swings. But that should improve.

Ms. Sproule: — It somewhat baffled me because I think when we hear about tracing cattle, we can trace cattle from birth to the shelf in the grocery store, but we can't seem to find out where some of these cars are located. And it's a mystery. Is there any . . . Like to me even a GPS [Global Positioning System] signal should be able to locate an individual car. So do you have any understanding why that's so difficult? And entire 10, 20 cars are going missing and not showing up where they're supposed to.

Hon. Mr. Stewart: — I've had a tour of CP's [Canadian Pacific] head office in Calgary years ago. And I believe that they can pinpoint the location of just about any car in their fleet at any time. From what I saw there, perhaps if they claim the cars have gone missing, it's because they don't want to find them.

Ms. Sproule: — That's very interesting. And certainly, I'm sure, you're on top of it. So I'll let you keep pursuing that.

In the absence of the single desk though, how do you think Canadian grain will get to market when the West Coast is the option of choice, but only 21 of the 50 million metric tonnes of exports can move through the West Coast? So less than half can go through the West Coast, yet that's the option of choice.

So how would the . . . Like you're saying there isn't a capacity issue, but I think that the numbers show that the West Coast can only handle 21 million metric tonnes. So how are you proposing that this constrained capacity be apportioned, particularly if we have another crop this year that's anywhere near which last year's crop was?

[22:00]

Hon. Mr. Stewart: — The numbers we have for West Coast capacity are in excess of 30 million, close to 35 million with the recent expansions. And more work is being done out there, more construction is happening. Viterra's building a new terminal for instance, so that number is larger than the number you had, and growing.

So I think with, you know, Churchill operating through the summer months and Thunder Bay through a longer period of time, if other markets, US mills and Canadian mills and so on are being serviced properly the way they need to be, I think there is, there is now and certainly will be plenty of capacity in the system.

Ms. Sproule: — Okay. I wish I had it with me and I thought I

brought it, but I have an email from, he's a purchaser for Quaker Oats in the States and he sent it to a producer here in Saskatchewan. And basically, I'm sorry I don't have it with me and maybe we can . . . I'll find it next time we're meeting. Basically he is saying he can't trust our market anymore and is going to have to find his oats somewhere else. And I know we see that across the board when it comes to oats.

What sort of plans would you have as a ministry to regain some of those markets? I know that's something that's very important to you.

Hon. Mr. Stewart: — That's going to be a process. No kidding about it, I mean it's not going to happen just this summer, assuming we get things fixed. It's going to be a process that'll take, well years, I think, to get some confidence in our transportation system amongst our customers again. And one of the things that we have to do is continue to talk with them and to visit with them and make sure they understand the things that are being done here to ensure that this kind of thing doesn't continue to happen and not to try and minimize what's happened.

I think we need to face this head-on, let our customers know that we understand it's extremely serious, and we believe that the federal government's engaged and the railways are becoming engaged and we're going to solve this problem.

Ms. Sproule: — It's a tough hill to climb. One of the concerns we're hearing is about the failure of the agriculture and agri-foods production forecasts, that they basically dropped the ball and that there should've been much better information last summer leading into the harvest so that this could've been dealt with sooner. Are you talking to the minister about that and is there anything your ministry can do to provide better forecasting?

Hon. Mr. Stewart: — You know, I think everybody was fooled by this crop. Certainly farmers were. You know, we all thought it looked pretty good, but I don't think anybody predicted that it was going to be as good as it is.

And certainly partway through harvest the railways had been made aware that this was a big one. They didn't react, in my opinion at least, they didn't react in an adequate fashion to gear up to move that kind of a crop. And I don't think it was . . . Well I shouldn't say that. It was partly the fact that nobody predicted this, but also the fact that, when it became obvious, the railways still didn't act. So it's an anomaly that we were all fooled so much by the size of the crop, but it's not so much an anomaly that the railways didn't react.

Ms. Sproule: — I'm going to have more questions about this, and I know that we still have some time at a later date in terms of estimates and more discussion on these issues. Very important to producers and certainly, I think, this is probably one of the most non-partisan issues that has faced farmers in a long time. And I really do appreciate the work that you've been doing for producers on this file. And certainly the theatre of politics heightens the discussion at times, but I think this is something that there's a lot of unanimity amongst the members of the Legislative Assembly in terms of concern for the losses that we've talked about tonight and moving forward.

So at this point I think, Mr. Chair, I would suspend my comments at this point. If you have any closing comments . . . or I'll leave it to the Chair.

Hon. Mr. Stewart: — I'd like to thank you, Mr. Chair, committee members, Ms. Sproule, for the excellent questions and the good discussion, and my officials for their help here tonight. I think it's been a good discussion. And I appreciate it and the tone of it and I look forward to the next time. Thank you very much.

Ms. Sproule: — Thank you, Mr. Minister. I just want to thank the officials for hanging out again on a Wednesday night here at the legislature. It's always very helpful to have you here and certainly your expertise and dedication to the producers of Saskatchewan is not overlooked at all. I mean I think everyone here really appreciates the work that you provide to our industry. And thanks to the committee members and, Mr. Chair, and we'll do this again soon . . . [inaudible interjection] . . . Are you ready for me to do that right now? So on that note, I will move adjournment of this committee.

The Chair: — And before placing the question, thank you, Minister, and your officials for your attention, committee members. And the member has moved the committee adjourn for the evening. Is the committee in agreement with the motion?

Some Hon. Members: — Agreed.

The Chair: — It's agreed. Carried. Being now 10:08, the committee will adjourn until the call of the Chair. Thank you.

[The committee adjourned at 22:08.]