



# **STANDING COMMITTEE ON THE ECONOMY**

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## **STANDING COMMITTEE ON THE ECONOMY**

Mr. Gene Makowsky, Chair  
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Mr. Buckley Belanger, Deputy Chair  
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Moosomin

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Ms. Lori Carr  
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Mr. Delbert Kirsch  
Batoche

Ms. Laura Ross  
Regina Rochdale

[The committee met at 19:00.]

**The Chair:** — Welcome, committee members, and those folks that might be watching at home. This is the Economy Committee coming from room 8 at the Legislative Building. We have one substitution tonight. Ms. Sproule's here for Mr. Belanger. All other members are present.

**General Revenue Fund  
Agriculture  
Vote 1**

**Subvote (AG01)**

**The Chair:** — And of course we are considering the estimates and the March supplementary estimates for the Ministry of Agriculture. And this is tabled as . . . I don't know what the right word is, but it's being dubbed vote 1, Agriculture, central management and services, subvote (AG01). Minister Stewart is here once again, and you have the floor, sir, to introduce your officials and have any opening remarks for the committee.

**Hon. Mr. Stewart:** — Thank you, Mr. Chair, committee members, Ms. Sproule. I'm pleased this evening to discuss with the committee the Ministry of Agriculture's 2017-18 estimates.

Before we get started I'd like to introduce some officials that are here with me today: Rick Burton, deputy minister; Cammy Colpitts — maybe I'll just get you to raise your hands when I do introduce you so everybody knows who you are — Cammy is assistant deputy minister of policy; Lee Auten, assistant deputy minister, programs; Bill Greuel, assistant deputy minister, regulatory and innovation; Shawn Jaques, president and CEO [chief executive officer], Saskatchewan Crop Insurance Corporation; Jeff Morrow, vice president operations, Saskatchewan Crop Insurance Corporation; Janie Kuntz, vice president finance, Saskatchewan Crop Insurance Corporation; Ray Arscott, executive director, corporate services branch; Wally Hoehn, executive director, lands branch; and Ashley Anderson, my chief of staff. I'd like to thank them for being here this evening.

This budget is about meeting the challenge. Our government is committed to meeting the challenge of the current fiscal situation while continuing to deliver sustainable, high-quality public services. Meeting the challenge includes making sure we have the right programs, services, and infrastructure in place for agriculture.

It also means looking at our programs to determine if they are still what we should be offering as a government. Upon that review, it was decided to end the Saskatchewan pastures program. While the program is ending, we are committed to the best interests of the entire livestock industry in creating a go-forward plan. The Saskatchewan pastures program was originally created in the 1920s to help support the diversification of the agriculture industry. It was created to make it easier to raise cattle. It served a purpose at the time, but our industry has evolved, as have the needs of producers. Managing private cattle is not a core business function of government.

Currently the Saskatchewan pastures program supports approximately 5 per cent of the provincial beef cattle herd and 12 per cent of the cattle producers. We are committed to ensuring livestock producers have continued access to the land; it just won't be the government managing the pasture program. There are no savings from the end of the pasture program. This year's pastures will operate as usual this grazing season.

When it comes to the land, approximately 780,000 acres located at 50 sites throughout the province, we are engaging with the entire agriculture industry along with environmental groups, First Nations and Métis to determine the best option for future management of this resource.

On March 27th, we began wide-ranging public engagement to help inform our next steps. This public engagement includes an information document online along with a survey that is open until May 8th. There are many options to consider; for example, something similar to the federal pasture model where past patrons entered into long-term lease agreements or groups purchasing eligible land. We are open to different possibilities and solutions, and we know that the same approach may not be the best for each of the 50 pastures.

Regardless of the decision made, our government is committed to three guiding principles: that existing pasture patrons will be respected throughout the process; the ecological integrity of the land is preserved, including the protection of environmentally sensitive parcels through the application of *The Wildlife Habitat Protection Act*; and farm land ownership rules of *The Saskatchewan Farm Security Act* will be adhered to.

I recognize there are many opinions on the matter, which is why we are engaged in an open dialogue about the future management of the land and how it can be used to best serve the people of Saskatchewan. We have consistently worked to develop a collaborative relationship with the agriculture sector and to make decisions that encourage sustainable growth and strengthen our economy.

This budget will allow us to continue to offer the programs and services that Saskatchewan farmers, ranchers, and agri-businesses need to be successful. The 2017-2018 budget for the Ministry of Agriculture is \$388.6 million, a decrease of less than 1 percent from the previous year. It's a strong budget for agriculture and is indicative of the important role that our sector plays in the Saskatchewan economy.

This budget will support our industry's continued progress toward the agricultural goals in the Saskatchewan plan for growth. You may be familiar with these targets by now, but I will briefly highlight the agricultural targets in the growth plan. And they are: to increase crop production by 10 million tonnes, to increase value-added revenue to 6 billion, to increase agri-food exports to \$15 billion, and to become a global leader in biosciences.

And we're making good progress on all of these fronts. We produced the second-largest crop in our province's history last year despite weather challenges at harvest that affected crop quality, and quantity in some cases. And in 2016 our agriculture exports hit \$14 billion. This is the second-highest level ever,

only behind our record-breaking year in 2015.

We are supplying consumers and customers locally and around the world with high-quality crops and livestock. To continue our progress on our growth plan goals, we are guided by our crop, value-added, livestock, and irrigation strategies. As well, our agriculture awareness strategy continues to be a priority because we know public trust is integral to being able to continue to access all the tools of modern food production.

Our goal is to be able to continue to produce safe and healthy food in a sustainable manner. In order to gain public trust for modern food production, we must all work together and take responsibility. We need to align our resources and work toward the greater good.

We continue to make progress. Ag Month this past year was a great example. Working as one team, the ministry and industry launched Our Food Has a Story campaign. This effort encouraged farmers, ranchers, and consumers to share stories about the food we all enjoy and think about how it is grown and produced. By helping to increase awareness about farming and food production, we build the public's trust in agriculture.

The right programs and services are also important to the success of the industry. Our government remains focused on offering business risk management programs that help farmers manage risk, to be innovative, and to support them in growing their operations. To that end, this budget includes \$264.1 million to fully fund business risk management programs. This is an increase of about 4 per cent from the 2016-17 budget. Our business risk management programs include crop insurance, AgriStability, AgriInvest, and the Western livestock price insurance program. These programs are cost shared 60/40 between the provincial and federal governments as part of the agricultural policy framework Growing Forward 2. The budget for business risk management programs is based on federal forecasts, and we are committed to these programs for Growing Forward 2.

With crop insurance, Saskatchewan producers will once again have access to the highest coverage in program history. The crop insurance premium budget for 2017 is \$141 million. On average, coverage levels are increasing to a record \$217 per acre, up from \$216 per acre in 2016. Due to an increase in coverage, the premium per acre is increasing to an average of \$8.51 per acre from \$7.84 per acre in 2016.

Our government understands that crop insurance is a major part of farmers' risk protection. The effectiveness of the crop insurance program was evident this past year. A challenging growing season and a prolonged harvest led to quality issues, and still 1.3 million acres of crops remain in the field. While we are still finalizing crop insurance claims, it is expected that total compensation for producers will reach \$650 million, about 500 million of which has already been paid out to producers. With so much crop left out over winter, crop insurance's wildlife damage compensation program is expected to exceed \$35 million in payouts for 2016-17.

Overall, the increase in business risk management spending in the 2017-18 budget has been offset by savings from the decrease in the incentives that were paid under the 2015 Crown

land sale program. Last year we had to budget \$17 million for the incentive, and this year the expense decreases to 6.3 million for the completion of sales during 2017-18.

This year's budget also includes the elimination of the irrigation bridge rehabilitation program. This program has historically been underutilized, and the \$500,000 in funding has been suspended this year due to fiscal pressures.

On the strategic programming side, our government is once again committing \$71.2 million through Growing Forward 2 into strategic initiatives. Strategic initiative programming is also cost shared with the federal government, and maintaining our funding ensures that we capitalize on the federal support provided through Growing Forward 2. The programs offered through Growing Forward 2 support agricultural innovation, trade, market development, business improvements, tech transfer, and more. To date, over \$280 million has been invested through Saskatchewan's suite of Growing Forward 2 programming. By the end of the program, we expect to invest over 350 million into strategic initiatives.

As part of the 2017-18 budget, we will continue with the same programming and support as in previous years. This includes programming in areas such as water infrastructure, value-added, agri-businesses, and support for environmental practices on farms. Our strategic investment includes \$26.8 million for agricultural research and innovation, the same as last year. This includes our ongoing investment into the Agriculture Development Fund, ADOPT [agricultural demonstration of practices and technologies], Agri-ARM [agriculture-applied research management] sites, the Global Institute for Food Security, and 15 strategic research chairs at the U of S [University of Saskatchewan], as well as Western Beef Development Centre.

We will also continue our funding at the same level for all the research organizations that we have in the past, such as the Crop Development Centre, Prairie Swine Centre, Ag-West Bio, and more. We know that investment in research is key to the long-term success of our industry. We are also once again providing \$4.2 million in industry grants, which is the same as last year. We are pleased to be able to offer the same level of support for organizations and events as in the past, organizations and events such as 4-H, Agriculture in the Classroom, Canadian Western Agribition, Canada's Farm Progress Show, CropSphere, the Canadian Centre for Health and Safety in Agriculture, and Prairie Diagnostic Services. These organizations and significant agriculture events are critical to the ongoing development and success of our agriculture industry.

As a ministry, we continue to strive to make sure that we are offering the services that farmers and ranchers need, using the best delivery options available. And we are consulting with industry about what they want to see in the next federal-provincial agricultural policy framework which will follow Growing Forward 2 after it expires next year.

We are also currently reviewing our extension services to make sure that our extension activities can drive sustainable growth and help producers to remain competitive in a global market. The extension review has included an online survey and focus

groups of farmers and ranchers in different locations around the province. This input will help shape extension activities going forward. We will make some decisions around next steps in the fall with the new extension delivery model expected to be in place when the next federal-provincial-territorial agricultural policy framework starts, April 2018.

[19:15]

Agriculture continues to be a significant driver of Saskatchewan's economy. With our government's support, Saskatchewan's ag industry has become a global leader in agricultural production, trade, and the biosciences. We produce what the world wants and will continue to invest into areas like research, value-added, and market development to ensure our industry remains strong and has opportunity to expand. By working together with the agriculture sector, we have built a growing industry that benefits the whole Saskatchewan economy. I'm confident about the future of our industry. Thank you, and we look forward to your usual probing questions, Ms. Sproule, and hope that our answers will be helpful.

**The Chair:** — Thank you very much, Mr. Minister. We have until 9 p.m. this evening and we will . . . You asked for it, Minister Stewart, and you'll get it from Ms. Sproule. I recognize Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Mr. Chair, committee members. And Mr. Minister, and officials, thank you for coming this evening. I look forward to the discussion as well. One of the things I'll start off with, just a few questions and follow-up from last year's committee when we met in June. And it will jump around a little bit so I apologize to the officials because I know they'll have to change chairs. The first one I wanted to get an update was the total acreage sales or the total acreages that were sold. Last year we knew '14-15 was 31,000 acres; '15-16, 64,000 acres. Do you have a total yet for '16-17?

**The Chair:** — Just for officials, you've been around the committee table many times. Just the first time you do speak, just say who you are for the written record. Thank you.

**Hon. Mr. Stewart:** — Total sales for the last fiscal year would be 231,464 acres. Out of that 231,464 197,037 acres would have been sold through the Crown land sales program, 2015.

**Ms. Sproule:** — Thank you. And the other 30,000 acres?

**Hon. Mr. Stewart:** — Those would be general sales that didn't qualify under the program.

**Ms. Sproule:** — All right, thank you. Jumping around already, just an update on the Agricultural Stabilization Fund. I just pulled their annual report out from March 31, 2016. I just had a couple of questions about that. First of all, on page 13 of the annual report, I just wanted to ask about the Canada-Saskatchewan excess moisture program. It looked like that didn't happen at all in 2016, and I guess I would ask the same question for the farm and ranch water infrastructure program. Can you give a report on those two programs for revenue and expenses for 2016?

**Hon. Mr. Stewart:** — For the excess moisture program, 2016

generally speaking around the province was not a substantial excess moisture year, so the payouts under that program were negligible. For the farm and ranch water infrastructure program, I think the payouts . . . I think this is the number: \$8,310,757.

**Ms. Sproule:** — Yes. In terms of that, could you just give us a little breakdown of the large number spending on that? Or like where did that 8 million go specifically? But obviously in a larger number than smaller.

**Hon. Mr. Stewart:** — There's a lot of information here. The major items here are: non-district irrigators, that's up to 50 per cent of eligible costs to a maximum 300,000; community well program, pays 66.7 per cent of eligible costs to a maximum of \$150,000; each irrigation district, 90 per cent of eligible costs to a maximum of 7 million. Those are the major expenditures under that program.

**Ms. Sproule:** — In terms of the Agricultural Stabilization Fund, I'm just wondering if you could give us a little background on that and sort of what its role is, because there's other programs as well. There's the wildlife damage compensation and livestock predation prevention program, which I will have some specific questions on; excess moisture; there's all kinds of programs. What is your arrangement with the federal government in relation to this fund and the programs that are part of it?

**Hon. Mr. Stewart:** — These programs are not necessarily funded at the same percentages federally and provincially, but all of them are funded with federal and provincial money. That's wildlife damage compensation program, the farm and ranch water infrastructure program, and the excess moisture program.

**Ms. Sproule:** — Just in terms of the general budget — and we know that some difficult decisions had to be made — what was the discussion at the table regarding these programs in terms of, you know, the core function of government and transformational change and also just sort of where you decide where to make cuts? Like was there any discussion about cutting any of these programs so that, you know, the pain is shared equally essentially with all ministries?

**Hon. Mr. Stewart:** — No, these programs weren't on the table as far as I know. Now what goes on in private conversations within the Ministry of Finance is something that I may not be privy to, but to my knowledge these programs were not on the table.

**Ms. Sproule:** — Okay. Just in terms of wildlife damage compensation and livestock predation prevention program — that's a long name — it looks like costs went up fairly significantly last year. Between 2015 and 2016, an additional \$1.7 million came from GRF [General Revenue Fund] to fund the program, and it looks like an even \$1.5 million from the Government of Canada. Can you share with the committee why the increase for that?

**Hon. Mr. Stewart:** — The funding remains the same, but the number of claims increased and a lot of that was because of the late harvest. Most of that would be waterfowl issues in standing crop and swathed crop.

**Ms. Sproule:** — So this is \$17 million that's going into the program. And is that \$17 million of taxpayers' dollars that's going to producers to pay for damage from predators? I don't know if waterfowl are predators, but wildlife damage.

**Hon. Mr. Stewart:** — Forty per cent of that figure would be Saskatchewan taxpayers' money, all right.

**Ms. Sproule:** — The other 60 is Canadian taxpayers'? So that would be Saskatchewan taxpayers' as well essentially. Yes.

Is there any thought to, under the core function of government, is to provide maybe a review of this program? Have you reviewed it in terms of, you know, having . . . It seems like a lot of money, I guess is what I'm trying to say. It's \$17 million. So have you looked at that as a significant amount of money, or you think it should be more?

**Hon. Mr. Stewart:** — Well, you know, we're with the other provinces and territories and the federal government. All of these programs are coming under review this summer and hopefully we'll have a new Growing Forward 3 or whatever we chose to call it by the end of that process, and this may or may not stay the same.

**Ms. Sproule:** — Thank you. Let's move on. We did have a discussion last June about transformational change. Obviously that was a very new discussion at the time and you had indicated that, you know, there's nothing on the table, no details at that time. You were going to take a deeper look into your programs and I think you said, by the time it's over, you know, it'll be a pretty deep dive into everything, every function of government, and a little bit of self-analysis. Could you share with the committee what your ministry has done to date on that?

**Hon. Mr. Stewart:** — Well, I think the changes, the upcoming changes to the provincial pastures program are certainly probably the biggest example of that and, you know, we determined that looking after cattle for the summer is not a core business function of government and we should find another way to operate that program and still have the land available for the agriculture industry for grazing purposes.

You know, I guess the irrigation roads and bridges program, I guess you could say that's transformational change, but largely in that case it was, you know, spurred by the fact that the fund has been underutilized and in many years not utilized at all, and so we thought that would be half a million dollars that we could cut out without causing much discomfort at all.

Yes, we're reviewing our extension services. That's certainly part of that deeper dive. You know, the existing extension model has been in place for, without dramatic changes, for a number of decades, and certainly science around farming and farming practices and the needs of producers have evolved during that time. So we don't know that what we're doing isn't correct, but we're doing a consultation to determine whether or not it is.

[19:30]

**Ms. Sproule:** — Thank you. One of the things you said last year was nothing or very little is sacred. So I guess when you

look at your programs, when you're doing your program analysis, do you have a policy framework or a rubric that you apply? Is there a checklist or is there certain criteria that you, from a very, you know, neutral, non- I guess judgmental position . . . How do you make those determinations when you do your policy reviews? Is that something you can talk about a bit?

**Hon. Mr. Stewart:** — Well you know, generally, at least from my perspective . . . Some in the ministry may have a more scientific approach to it, but it's a common sense thing as far as I'm concerned. You know, some things are quite obviously, and I think of the pastures program when I mention this, quite obviously not core functions of government. You know, 5 per cent of the provincial cow herd is looked after in Saskatchewan provincial pastures and the other 95 per cent is looked after by their owners, and we think that's the correct model. And you know, whether we continue to own the pasture land or whether patron groups do, to us that's not the major concern. But the part that doesn't fit is government looking after cattle. That's not our job; that's the cattle industry's job. And that's the kind of common sense approach I take to it anyway. And I don't know if we have other criteria within the ministry that is used to test these programs, but that's my approach to it.

**Ms. Sproule:** — Could you check with officials to see if there are other criteria?

**Hon. Mr. Stewart:** — For a start, as I mentioned before, with the federal government and the other provinces and territories, we are reviewing all of the programs associated with Growing Forward 2 to develop a new policy framework for the next five years, and that work is expected to be completed among the provinces, territories, and federal government this summer. So it's not only our eyes that are on that; it's the whole country's eyes. And those programs are the major part of our funding. But Mr. Burton, I think, has something to add as far as the methodology that's used within the ministry.

**Mr. Burton:** — Thank you, Minister. It's Rick Burton. So I mean, generally when we're reviewing any of our programs the first thing we start with, what is the policy objective we're trying to achieve? And as the minister said, really you've got to ask the question about whether or not this is a core function of government. And if it is a core function of government, how is it best delivered?

And so when we look at all of our programs, and we do review our programs on a four-year cycle, you know, we do a program review. And so we ask those questions. We'll put together a team, and often it will have industry or stakeholder consultations as part of that process. And you know, we'll look at whether or not the delivery of the program is not only meeting the objectives but also is doing it in the most efficient and effective way possible.

**Ms. Sproule:** — All right. So in the instance though like Growing Forward 2, we know that's a federal framework. But in the instance of, for example, the pasture program, I mean obviously you've done program reviews over the years, so why was it then a government function and now it's not? Like what changed in terms of that approach in particular?

And I guess what I ask myself then is, you are also funding research and development. You know, that is also something that farmers could be responsible for as well, and why is the government in business with that? So was there an analysis? Is there a comparable analysis to that? Just trying to get through to the thinking of what led to the cancellation of the pasture program, and yet we still see significant contributions on the research side, for example.

**Hon. Mr. Stewart:** — Yes. We think that research is partly a government responsibility. There is a substantial amount of private research, privately funded, corporate-funded research that's being done in the province and elsewhere in the country, and we encourage that. But we think that, to be sure that we're providing the research that's needed by our own producers here in Saskatchewan, that there's a role for government in the research field as well. And we think the dramatically increased yields of the last few years are, you know, partly a response to us having struck a pretty good balance between private and public research in this province. And so you know, we think that that's correct or, you know, at least in the ballpark. It doesn't jump out at us as something that we should not be doing like managing privately owned cattle does.

**Ms. Sproule:** — I'll get into the pasture program in a lot more detail in a bit, but when you look at the pasture program, part of the function of government in that sense has been research and management of the grasslands, for example, as a resource. So there's research and development happening on the pasture program, if I understand correctly, and I'll have more questions about that.

So in the terms of, you know . . . When you say research is a government responsibility, isn't that part of the function of the pasture program is the research that your managers look after?

**Hon. Mr. Stewart:** — Well the grazing land will still be available for research purposes however it's managed, as is private grazing land. Privately owned grazing land is made available for research in many instances as well.

**Ms. Sproule:** — Okay, I'll just leave that for the time being and with an eye on the clock. Last year you talked about building some new buildings and facilities at the Saskatchewan Food Industry Development Centre to the tune of \$9 million. Can you provide the committee with an update on that expenditure and whether that's the amount, or more or less? Or if it's all built?

**Hon. Mr. Stewart:** — Nine million is the figure. The project is on budget. Some of the offices have been moved into the new building at this time already, although it's not entirely complete, but it's expected to be completed this summer and fully operational.

**Ms. Sproule:** — And as far as development for the food industry, what is your analysis of the government's core function in that aspect?

**Hon. Mr. Stewart:** — Well I think we're in a good place with that. You know, we provide technical know-how for companies, or individuals even, that are trying to develop new products, and provide technical assistance in production of food products to the industry, and even do initial runs of product on a

commercial basis for the industry and provide an even longer term of production runs on a fee-for-service for a number of small food manufacturers in the province, which would not be able to do quality production runs without that service. So we think it is our role because it helps to develop new food companies in the province, develop new products that are produced with Saskatchewan commodities.

**Ms. Sproule:** — I guess I'm just not sure. You're talking about helping out small food manufacturers, but you seem to say that small herds that need the pasture program for their sustainability is not worthwhile. I don't want to use the word worthwhile, but I am confused about why you've chosen to support small food manufacturers, for example, and the food industry but, you know, when it comes to the cattle industry, that the small producers who rely on the availability of summer pasture program, that that will shut them down basically with the loss of the pastures. So in terms of, you know, government responsibilities, why would you see small food manufacturers in a different light than small herd or small cattle producers?

**Hon. Mr. Stewart:** — Well I'd have to take issue with the premise of the question. Changing the management model for the provincial pasture program won't shut that down for anybody. One of our three premises that we . . . Our priorities that we work around in this program are providing that grassland for the industry, and so it'll still be available like it always has been. When we transitioned the PFRA [Prairie Farm Rehabilitation Administration] pastures from federal ownership to private management under the patron groups, nobody fell by the wayside in that transition, and we would expect that nobody likely will in this one either.

**Ms. Sproule:** — Okay, I'm just going to move on now. On June 21st last year we talked about *The Agricultural Implements Act*, and you were about to enter into consultations regarding that Act looking at updating it. Can you bring the committee up to speed on where that's at?

**Hon. Mr. Stewart:** — We haven't progressed much further, I don't think. We're still in the early stages of setting up some consultations with the industry and I think this summer is the . . . I'm informed the consultations will be wrapped up in May.

**Ms. Sproule:** — All right, we'll ask again next year and see where it's at. Perhaps there'll be legislation to review at that point.

CTA [*Canada Transportation Act*] review, I know we were talking about the maximum revenue entitlement last summer or last June and you indicated that there was lobbying going on. Can you update the committee as to the progress on the review by the *Canada Transportation Act*?

**Hon. Mr. Stewart:** — Yes, we had hoped that the federal government would have announced exactly what they're planning to do by now, but we're told that they're hopeful it will still be this spring but now not this month. So I don't know if that's good news or not, but previously the signals we have received were fairly positive. You know, I think a number of the things that we'd hoped for in Saskatchewan, it sounded like they were receiving a pretty good hearing and so we've been hopeful. I always get uncomfortable when the final product is

delayed, but time will tell.

**Ms. Sproule:** — Okay, fair enough. Thank you. Going back now to . . . We talked a little bit last year about the total for supporting agricultural research and development. And I don't have the number in front of me for this year, but one of the questions I asked was when you're talking about agriculture research and development, you provided the committee a breakdown of where that spending was made last year and I know that's in Public Accounts that's available. But I'm just wondering if you could . . . I had asked you last year to give us a description of how you approach the decisions about who to fund and how to fund. For example, how do you decide how much goes to the Global Institute for Food Security as opposed to PAMI [Prairie Agricultural Machinery Institute] or the Western Beef Development Centre? What is your policy rubric or framework for making those determinations about how much and, you know, how high, how low, when to cut?

**Hon. Mr. Stewart:** — Mr. Greuel informs me that there are probably two answers to that question, both true. But there's core funding but also individual program funding that's adjudicated by the Agriculture Development Fund board and based on the merits of each individual project.

[19:45]

**Ms. Sproule:** — And how has transformational change and identification of core government functions been . . . Have there been any changes made in your approach?

**Hon. Mr. Stewart:** — No. The Agriculture Development Fund is certainly probably our senior board in agriculture, and they've always had, you know, an eye on government functions and certainly the function of research in agriculture. And we pretty much leave the adjudication of these programs up to them. They've proven themselves to be worthy.

**Ms. Sproule:** — Was there any direction though from the government level in terms of the belt-tightening that we've seen necessary in other areas? So that hasn't been touched at all?

**Hon. Mr. Stewart:** — No, we've put a very high priority on research, and . . .

**Ms. Sproule:** — So in terms of everything on the table, that's not on the table.

**Hon. Mr. Stewart:** — Well I wouldn't say it wouldn't be on the table, but we haven't, you know, we haven't seen a proposition that would be preferable to the way that we already do this, in our opinion.

**Ms. Sproule:** — Was there just no analysis done then, and just an assumption that it was going to stay the same? Or did you do an actual review of that when the Minister of Finance indicated there'd be a review done of everything that was on the table?

**Hon. Mr. Stewart:** — We had a review done three years ago by KPMG, and KPMG estimated that the way we were carrying out that business generates a 9 to 1 return on investment for the province. And so, you know, I know that Finance became aware of that, so I'm sure that was taken into consideration.

**Ms. Sproule:** — Okay. Just about near the end of last year . . . I wanted to ask a question about surface leases. And I know there's a line somewhere on nonpayment of surface leases, so can you share with the committee how many surface leases have been defaulted on and how much that has been for this year?

**Hon. Mr. Stewart:** — I'll ask Wally Hoehn to step up to the table and inform us. Mr. Hoehn informs me that he doesn't have an exact number or even a close approximation, but that it's very low in relation to the leases that are made by Agriculture to producers.

**Ms. Sproule:** — I think on page 18 of your annual report for '15-16, under land management there is a line for land revenue bad debt allowances, and it went up in '15-16 to \$352,000. So perhaps you could just share with the committee where those bad debts are coming from and give us a little flavour of what that's about.

**Hon. Mr. Stewart:** — We only wrote off 48,000. We budgeted 400,000. That's . . .

**Ms. Sproule:** — Right, it's the variance I'm looking at.

**Hon. Mr. Stewart:** — Three fifty-two is the variance, yes.

**Ms. Sproule:** — Right. So then let's go to the 48,000. What essentially . . . Was that for surface rights in general or was it for other things?

**Mr. Hoehn:** — Wally Hoehn, executive director, lands branch. It would be mainly leases, agricultural leases. So that would be the leases that we would have cancelled.

**Ms. Sproule:** — Thank you. Just a little discussion then maybe on the proposed surface rights legislation that the Ministry of the Economy was proposing. I think that was in '14, December '14, and then it was pulled off the order paper. Surface rights holders or producers with surface rights interest are still very interested in that legislation, so we know producers are very interested in that. Have you done any advocacy on the part of producers to the Minister of the Economy to bring that legislation forward? It's quite critical at this point.

**Hon. Mr. Stewart:** — Well we had some discussions around the time when the Ministry of the Economy pulled back from it, and it was our understanding that they would re-involve themselves in that at some point in the not-too-distant future. And so we trust that that will happen.

**Ms. Sproule:** — We'll watch. Switching entirely now into something in this budget this year, and that's the adding the 6 per cent sale tax to insurance premiums. And we know for crop insurance, it's going to be a very significant issue for producers. Just sort of wondering if you've done any cost analysis in terms of what is the impact going to be on producers in general in Saskatchewan and, I guess, how that's going to impact on crop insurance sales and people's ability to purchase adequate crop insurance?

**Hon. Mr. Stewart:** — I'm informed by Mr. Jaques that the amount of producer premiums that we collected last year was



about \$242 million. And it's about the same this year, so there hasn't been at this point any significant drop-off in crop insurance sales because of the 6 per cent.

**Ms. Sproule:** — So what is the PST [provincial sales tax] that will be collected on that? I guess I could figure out what 6 per cent of 242 million is.

**Hon. Mr. Stewart:** — About 13 million I think.

**Ms. Sproule:** — And what was the decrease in the exemption for fuel from last year? What are you anticipating the decrease in the exemption will be?

**Hon. Mr. Stewart:** — We don't have that number. I think Finance would be the . . .

**Ms. Sproule:** — I know it's in the expenditures for Finance. I'm just thinking it might be, I think it was 110 million down to 80 million. So about 30 million? Does that sound . . . Anyway I'm just saying, you know, this is being collected from farmers but they're getting the net benefit of that. Or is it costing them more? That's costing them more.

**Hon. Mr. Stewart:** — It will cost them more.

**Ms. Sproule:** — Yes. Okay. All right. I know that in the polling that we've seen and in some of the feedback we're getting that this is one of the biggest concerns for groups like APAS [Agricultural Producers Association of Saskatchewan] and producers. Is this something that you had consulted with at all, with producer groups, before the decision to add PST to crop insurance premiums?

**Hon. Mr. Stewart:** — The budget process being what it is, sometimes there isn't much time for consultation. So you know, I'd have to say the answer is no. There was not time during the process for that. And I know that this is a major cost for farmers; there's no question about that, and nobody wants an additional cost. Nobody wants to pay more tax.

But I think, generally speaking, the industry has been accepting it very well although it will be a substantial bill, particularly for larger producers. So you know, I think they recognize that we've had some pretty good tax advantages in the past, and while they don't want to step up and pay more, they're accepting of the fact that it was probably inevitable at some point.

**Ms. Sproule:** — Thank you. Just a quick question on the American lobbyist that you've hired in the past, Nelson Mullins. Are they still being utilized by your ministry and for what purpose?

**Hon. Mr. Stewart:** — To give intelligence on what's going on in Washington, which is probably more important than ever, and also to make our case, particularly on trade issues, agricultural trade. And with the current US [United States] administration looking into NAFTA [North American Free Trade Agreement], I think it's probably going to be more important than ever to maintain Nelson Mullins down there.

**Ms. Sproule:** — And who's the specific advisers that you have

within that firm, Nelson Mullins? Do you have a specific adviser, or do you work with a number of people from the firm?

**Hon. Mr. Stewart:** — Yes. There are a number. Of course David Wilkins, former ambassador David Wilkins is head of the group, but there are a number of other people associated with Nelson Mullins that we're in contact with from time to time.

**Ms. Sproule:** — Do you know how much they billed the ministry for the last fiscal year?

**Hon. Mr. Stewart:** — Evidently those amounts are still being audited. And we're not in a position to release '16-17 yet, but they'll be coming out in the next months.

**Ms. Sproule:** — In '15-16 I don't see them in the list of payees who received \$50,000 or more. Is there any amounts for '15-16 for Nelson Mullins? Oh I see. Sorry, I'm wrong. It's under financial programs (AG09), and there I see it was almost \$100,000. Could you just share with the committee what kind of work they did for that amount?

**Hon. Mr. Stewart:** — Yes, \$96,200 I think, roughly. They did during that period of time, they did a lot of work for us on COOL [country of origin labelling] in Washington, a lot of lobbying and a lot of fact-finding and intelligence gathering on what's going on down there around COOL. And that would be, I think at that time, the major engagement with agriculture Saskatchewan.

**Ms. Sproule:** — And for the past fiscal year, what sort of engagement were they engaging in?

**Hon. Mr. Stewart:** — Well trade issues for sure, softwood lumber. There's a looming issue with wheat grading with U.S. producers, and now more recently NAFTA. And of course probably both . . . Well no, pipelines wouldn't be under agriculture. So those would be the ag, I think, issues that they would have been dealing with for us.

**Ms. Sproule:** — And for softwood, under . . . that's the Ministry of Environment or Economy, would that be, they would have their own line item for that service?

**Hon. Mr. Stewart:** — Yes, that wouldn't be in ours.

**Ms. Sproule:** — And the discussion around supply management? Is that something you've engaged Nelson Mullins in as well?

**Hon. Mr. Stewart:** — Not to my knowledge at this point, but I expect we will be very soon. Yes.

**Ms. Sproule:** — I'll have a few more questions on that in a bit. Pastures, I just want to make sure. Oh yes, in terms of crop insurance, did you do any cost-benefit . . . I'm back on the PST thing again, but was there a cost-benefit analysis done? Well you're saying that's Finance that made that decision. Okay, I'll check with them. I just want to make sure I haven't missed anything here. No, I think I'm good there. Okay, check that page off.

[20:00]

Just touching base now on the Crown agri-land sales. Just to put this in context a little bit, we saw in 2010 that you began consultation on Crown land. In 2012 there was the announcement of the phase-out of the PFRA pastures with the re-gifting, I guess, of the land to the province. In 2014, 2 million acres of land that had been designated under WHPA, *The Wildlife Habitat Protection Act*, were basically being made available for sale, some with caveats in the moderate lands and the low-valued lands without restriction. November 2015 you offered the 15 per cent off some lands under that low environmental benefit category. And then of course there was incentives for people to purchase and, I guess, de-centives for them to continue paying rent. And that was also at the same time.

March of 2017, we know that you put 80 parcels of land up for auction online. So it's the first time you've done it online, and then the announcement of the phase-out and liquidation of the pastures. So I just have a number of questions on this scenario as it's being rolled out. The 1.7 million acres in 2014, the high-ecological-valued land, is any of that land now on the market?

**Hon. Mr. Stewart:** — No. We do not, will not sell WHPA high-land.

**Ms. Sproule:** — What pasture or farm land will be retained by the Crown for purposes of conservation? I guess all of it if it's high value.

**Hon. Mr. Stewart:** — Yes. Any WHPA high land will be, yes.

**Ms. Sproule:** — Okay, I'm going to have a few more . . . Well we could probably do the PFRA pastures right now. I see there's 60 of them?

**Hon. Mr. Stewart:** — Yes, there's 60 . . . [inaudible].

**Ms. Sproule:** — The transfers — I want to make sure I have this correct — there were 60. Ten were to be transferred in 2014, 10 in 2015, 10 in 2016, 10 in 2017, and 20 in 2018. Are you still on track for that?

**Mr. Hoehn:** — We're actually transitioning 19 in 2018.

**Ms. Sproule:** — Oh, so you'll be one ahead of the game. I know that the transfer's been determined to be a success. I'm just wondering how do you determine it's a success?

**Hon. Mr. Stewart:** — Well the land is still available to the patron groups. They manage the cattle during the summer and look after the fences and other assets and things of that nature. And government is no longer involved in operating those pastures that have been transitioned.

The patrons seem quite satisfied with the way it's rolled out. They're happy to have something — shares in a corporation or things of that nature — to trade when they get out of the business, which they would never have had under the old program. In consultations — we've been doing face-to-face consultations on the Saskatchewan pastures program — that is

the model that most producers have been asking for, for the Saskatchewan pastures program. So that's another way that I think we can measure the success of that program.

**Ms. Sproule:** — I'll just touch now on some of the face-to-face consultations. I understand that there was some held earlier this month in North Battleford. Four or five hundred producers showed up. 300? Several hundred? Okay, maybe Mr. Hoehn can share with us how many were there. Anyways the question is, in terms of face-to-face consultation, I understand that it was basically announced at the beginning of the meeting that the transition was happening. So there was no consultation; it was just an announcement. So what exactly are you consulting on?

**Hon. Mr. Stewart:** — We're consulting on the model. We're consulting on whether the land should be sold to the patron groups, whether it should just be put up for sale to the general public, or whether it should be leased to the patron groups or leased to the general public, things of that nature. But the decision to get out of that program was made without consultation because it's just not a core function of government.

**Ms. Sproule:** — How many were at the meeting?

**Mr. Hoehn:** — There was about 120 at that meeting.

**Ms. Sproule:** — And then you're meeting now, I think beginning of May, twice with First Nations groups specifically?

**Mr. Hoehn:** — Yes, we meet May 1st. We meet as part of the duty to consult process. So May 1st we're in Prince Albert and we meet with First Nations. I believe we meet with the Métis communities in the morning and First Nations in the afternoon. And then May 4th we're in Regina, and again Métis communities in the morning and First Nations in the afternoon. Those two specific meetings are in relation to duty to consult. They're not engagements like we had with our other stakeholders.

**Ms. Sproule:** — So in terms of the duty to consult, has there been an analysis done of the treaty rights that could be infringed by the sale of these pastures?

**Mr. Hoehn:** — Well that's part of the duty to consult, which is not treaty rights, but it's a duty to consult to see what their historic, current use of the pastures is. So we really don't know that. This is a high-level decision. So in terms of the consultation policy framework, we think it's a level 2 consultation, which means basically notification and explanation of what the decision is. And then following the consultations that we're going to have with the stakeholder groups, then we'll decide depending on the model. If it's something that will impact access to First Nations or Métis, then we'll have to do specific consultations with specific communities and First Nations.

**Ms. Sproule:** — So you may end up in a situation where you won't be able to sell the lands because there could be treaty rights that would be impacted by the sale. Is that a possibility?

**Mr. Hoehn:** — No, it wouldn't be treaty rights, it would be duty to consult. So we would have to look at what kind of accommodation that we would have to give those First Nations

and Métis. The treaty rights would be under the treaty land entitlement framework agreement. That's a different agreement, and of course any First Nations that have signed on to that agreement could select these pastures at any time, since the agreement's been signed.

**Ms. Sproule:** — No, I'm not referring to the ability to select the land under TLE [treaty land entitlement]. There are other treaty rights that First Nations exercise on pasture lands for hunting, fishing, gathering — those types of treaty rights. So that's what I'm referring to under the duty to consult process. So for the duty to accommodate though, there may be use to the extent that sale could be prohibited, but you don't know that yet.

**Mr. Hoehn:** — I guess that would be . . . That's part of our analysis, to see what the accommodation has to be.

**Ms. Sproule:** — So you haven't consulted specifically with individual First Nations or consulted with Government Relations in terms of what treaty areas or traditional lands that these pastures could fall in?

**Mr. Hoehn:** — We've notified all First Nations and Métis communities in the province of the decision to disband the pasture program. Once we decide what the model is, if the model's the PFRA model, which doesn't infringe on their right to access the land, then we won't have to do any further consultations. But if the model was to issue a lease that we issue to our current lessees which gives them control, or if the decision was to sell some of the land, then we would have to engage consultations with specific First Nations and Métis, which is similar to what we do under the federal pasture program right now. Any of the land that we've sold under it, we have to do specific consultations with whatever First Nations and Métis communities that are usually within about 100 kilometres of the affected pasture.

**Ms. Sproule:** — So going back to the PFRA, have you devolved 30 now or 40?

**Mr. Hoehn:** — We have transitioned 33 successfully as of March 31st, 2017. So we have 19 left. Twelve are in the south part of the province and nine are in the Northwest.

**Ms. Sproule:** — Sorry, 33 have been transitioned, 12 in the south and nine . . .

**Mr. Hoehn:** — No, we have 19 left between now and March 31st of 2018. Oh, sorry — 43. The numbers guy got it.

**Ms. Sproule:** — I lost 10 somewhere.

**Mr. Hoehn:** — It's the new math.

**Ms. Sproule:** — In terms of the 43 then that have been devolved, are you tracking the memberships or doing any sort of monitoring or polling of those 43 pastures?

**Mr. Hoehn:** — The only tracking that we do is before . . . Initially when we issue the lease, we make sure that all the patrons going into the new corporation or co-op or whatever structure they decide to take, we make sure that they're eligible to hold Crown land in Saskatchewan. And then as they add new

members, then we just determine the eligibility of those new members. But we don't determine who gets into the organization; that's left up to the groups themselves.

We did initially look at some of it. I mean there are some patrons that do drop out just because they don't want kind of the complexity involved with setting up operation on their own. But you know, I would say on the whole, probably what's happened is there's been an influx of new young patrons into the pastures. Most of the transitioning pastures have put their focus on the young local producer, so there are a lot of them getting into these pastures.

**Ms. Sproule:** — Could you share with the committee the membership numbers for each of these pastures, and since they've been devolved, where they are currently at?

**Mr. Hoehn:** — I don't have that information with us, but we may be able to get it.

**Ms. Sproule:** — Okay. Are all of these organizations having public annual meetings?

**Mr. Hoehn:** — I don't know if the meetings are public, but they do, I believe, all have annual meetings.

**Ms. Sproule:** — Is that something you're tracking?

**Mr. Hoehn:** — No. Once we issue the lease we have no concern with the organizational structure, much the same as . . . It's very similar to a private lease to an individual. So they only thing that we track is we do get them to fill an annual report at the end of the year that shows their membership, shows their grazing of the pasture, and shows the money that they've spent on infrastructure to demonstrate that they're maintaining the improvements. That was one of the conditions of them getting them at no cost, was that they do demonstrate that they are putting some money back into the program.

**Ms. Sproule:** — Are there any that haven't?

**Mr. Hoehn:** — Not to my knowledge.

**Ms. Sproule:** — How would you know?

**Mr. Hoehn:** — Our regional staff would report on it. We've had one.

**Ms. Sproule:** — Sorry, I was just . . . You made a comment that you have no concerns with the organizational structure, and yet you've deemed these to be highly successful. So how could you be certain of that if you're not getting reports on the organizational structures of these committees, whether they're having their annual meetings and following the rules of the co-op or the corporation that's been founded?

**Mr. Hoehn:** — So I guess, you know, first and foremost we look at success, probably by the fact that 43 have successfully transitioned to private operation. So that would be the first success. I've had individual conversations with several of the pastures just over the last four years who have come to me and said, you know, after getting over the initial scariness of having to operate it on your own, they like it better themselves.

One of the comments that has been made over and over again is they are in control of their own breeding programs. In the federal program, the federal pastures provided the bulls and therefore it was a broad-brush approach. So I mean, if you wanted to use some kind of specialty breed you were stuck with whatever the pasture was; whereas an individual group of patrons now can get together and if they want to run Pinzgauer or Tarentaise or something like that, they can.

Another example where I've talked to a couple of guys is the use of trace minerals. I mean, some producers prefer to feed trace minerals specific to the land that the animals are being grazed on, and so they're able to do that kind of more intense management. You know, there has been occasion where we have had pasturers not fully understand the grazing capacity of the pasture. And so we caught those in the first year and had a meeting with them and hopefully set them along on the right path.

**Ms. Sproule:** — Will you be monitoring that?

**Mr. Hoehn:** — We monitor it all the time, yes.

**Ms. Sproule:** — So you're hoping they're on the right path, but you will be checking up on it?

**Mr. Hoehn:** — Yes, that's part of the annual report that comes in at the end of every year.

**Ms. Sproule:** — And in terms of conversations with the pasturers, are you hearing any concerns?

**Mr. Hoehn:** — I haven't heard any concerns. I mean, initially in the first couple of years there were a lot of concerns, but at this point we haven't. I think it's quite a normal process. We have a group of policies. We have funding in place through Growing Forward 2 that adequately supports it all. So, you know, we haven't heard any of that.

A lot of the patrons, well not a lot, but there were several patrons at the SPP [Saskatchewan pastures program] engagement meetings that we just had who were also part of the transition program. And for the most part they spoke positively of it and gave some advice on how they think the new one, new program . . . Some things that we could do different in the new program. And so I think that that speaks volumes for itself.

You know, we've had a couple pasturers purchase the home quarters. I think that's evident of, in the first years, when you're getting into business with 30 or 40 other guys that you don't know, it's scary. But you know, as a couple years in and where they're developing some equity in what they're doing, they're able to purchase some of that land. So in those cases they're in the process of purchasing, you know, for lack of a better reason would be home quarters. And so they're purchasing those, so we've had two sales like that and we have the third one on the go.

**Ms. Sproule:** — What pastures are those in?

**Mr. Hoehn:** — Lone Tree pasture is one. The one at Burr, Wolverine pasture is the other one. And the third one that we're just working on currently is Hazel Dell pasture.

**Ms. Sproule:** — Thank you. I had a call recently from one of the producers who's in the Paynton federal pasture. He's also involved, I think, in maybe the Lizard Lake provincial pasture. I'm not sure if that's the name of it.

**Mr. Hoehn:** — Could be . . . [inaudible].

**Ms. Sproule:** — Anyways, one of the concerns he raised with me is that they've had, the Chair of their federal pasture committee has received four offers from Alberta feedlots to purchase those lands. Is there any situation where that could actually happen in Saskatchewan?

**Mr. Hoehn:** — Well I mean, you know, these leases are the exact same as what we issue . . . Well not the exact same, because there's some restrictions on access and control. But for the most part, I mean, they're the very same as a private lease that we offer to our clients, and so our clients would be the only ones that could buy them.

[20:15]

So they, you know, may come in the back door but I mean, we would be very much aware of it. And we do have restrictions right in the lease that, you know, if you only buy two or three quarters and then all of a sudden you want to sell those to somebody else, we have a restriction in the lease that makes sure that those are going to not make the pasture non-operational.

So I mean, we do have some monitoring. Any sale would be subject to our review, and I think we would pick up on that right away. So you know, there is a lot of fear about that, but I haven't seen it materialize. Most of the patron groups need the grazing and most of them are focusing on getting the young guys in. So I think that's a good thing.

One of the things we also did in the program was we expanded the maximum allocation from 60 head to 100 head because, you know, 60 head was for the old 50-head operation. And so the new ones are usually 200 head or more, so we did expand it to 100 head. And we did the same thing in our co-op pastures as well. We have 135 co-ops that have operated historically very much the same. And so we consolidated a policy to deal with both of those. So that's one of the changes we made as well as allowing for a temporary allocation for up to three years if a pasture is short, but that temporary allocation is subject to our approval.

**Ms. Sproule:** — I think under the leases you explained there's some checks and balances on the sale of the land. If the patrons choose to purchase the land outright, you wouldn't have any control over a sale at that point, would you?

**Mr. Hoehn:** — We would not, no. As long as they're eligible and the land's eligible for sale, we would sell it to the patron group.

**Hon. Mr. Stewart:** — Bearing in mind that about one-third of the land — both in the federal pasture program and in the SPP — is WHPA high, which cannot be sold.

**Ms. Sproule:** — And if it's moderate, would it be sold with the

conservation easement on it?

**Hon. Mr. Stewart:** — Well it could. It could be sold with a conservation easement if it was moderate.

**Ms. Sproule:** — That's a discretionary choice?

**Hon. Mr. Stewart:** — No. The easement's not discretionary if it's moderate, but it can be sold but with a conservation easement. Yes.

**Ms. Sproule:** — I see. Yes. That's my understanding. All right. I guess just maybe following up on the online sales of the, I believe, 80 parcels were sold online. Did they all sell? And what was the total amount for those lands?

**Hon. Mr. Stewart:** — There were 92 parcels advertised; 66 of those sold, for a total value of \$8,216,709.

**Ms. Sproule:** — And can you share with the committee what the commission was for the auctioneer?

**Hon. Mr. Stewart:** — Five per cent.

**Ms. Sproule:** — And was there additional fees on top of that?

**Hon. Mr. Stewart:** — There's a \$1,500 fee on parcels that are advertised but don't sell, but then that's a one-time fee. So when we readvertise those and hopefully sell them in the future, that won't be charged again.

**Ms. Sproule:** — That fee is charged by the auction company? \$1,500 per parcel. So that would be basically a quarter section generally?

**Hon. Mr. Stewart:** — Usually, or a part thereof.

**Ms. Sproule:** — Okay. In terms of, in this case, treaty land entitlement, First Nations, when you make these determinations to sell 80 parcels of land . . . I know this is not the first time you've sold land; it's just the first time online. What sort of considerations do you give to First Nations without standing entitlements for treaty land?

**Mr. Hoehn:** — Any of this land could have been selected at any time, so just the fact that it becomes vacant Crown land doesn't impact that. And so I mean what we do is, on land that's been vacant for usually about a year, we do the duty to consult on it, but at any . . . prior to that. But I mean the First Nations can purchase this land. They're eligible to purchase it under the auction process if they wanted to.

**Ms. Sproule:** — And they're competing with others. So I think under treaty land entitlement, it would be that they could have selected them up to this point. At any point they can select Crown land for purchase. Is that correct?

**Mr. Hoehn:** — That's correct.

**Ms. Sproule:** — Yes.

**Mr. Hoehn:** — That's correct.

**Ms. Sproule:** — So in terms of these 80 parcels, was there any interest expressed by First Nations? Or would they have been given that list of lands specifically before it went on sale?

**Mr. Hoehn:** — We do not shop that list prior to the sale. In doing the duty to consult, it did trigger two interests from two groups, one from a First Nation, one from a Métis. That was related to access, not to TLE, and so I think there was five parcels that we pulled off because we didn't have time to assess the access and the impact to those two groups.

**Ms. Sproule:** — Okay. Is there anything more you can share with the consultation process? Because I guess the whole idea with determining whether there's going to be an impact is knowing what rights are being exercised. Do you have a database of traditional land areas that are being expressed and described? I know in the North there's been a lot of work done on that, but is that something that Ag has done as well for your Crown lands?

**Mr. Hoehn:** — We don't have a database ourselves. We are gathering that kind of information now with more intense review, but we do rely on Government Relations to provide us with some of that intel and as well provide us with what Métis communities or First Nations we should be consulting with as opposed to a broad consultation across the province.

**Ms. Sproule:** — Okay. And in terms of incentive programs for purchasing Crown land, are there any ongoing right now or is that finished?

**Mr. Hoehn:** — The 2015 agricultural Crown land sale program ended on December 31st. However there are a group of properties still being processed through that program, and what locked in the discount was the application date. So we estimate that there is probably about \$50 million worth of sales left.

**Ms. Sproule:** — Okay. Just so I understand, in the estimates there is . . . just going to the land management. Crown land sale incentive program, there is actually a cost to that, and I believe this year's estimate is 6.2 million. Is that the loss based on the discount? Is that what that number represents, or is it the cost of managing the program?

**Hon. Mr. Stewart:** — That's just the value of the incentive.

**Ms. Sproule:** — So what we are losing if we had sold it at full price as opposed to the 10 per cent discount, right, or whatever the discount was.

**Hon. Mr. Stewart:** — Yes, this is the expense side, yes.

**Ms. Sproule:** — So in terms of revenues, I guess we're a year behind because we only have Public Accounts from the previous year. I'm just going to pull that up and see if I've got it right. Own-source revenue I guess is the most recent figure we have in Public Accounts, and that's 80,415,000. So perhaps you could just provide us with a general breakdown of the own-source revenue that was reported in Public Accounts.

**Mr. Arscott:** — Ray Arscott, executive director of corporate services. In the own-source revenue, the 80,415,000 consists of 204,000 from investment income; other fees and charges of

67,106,000; and miscellaneous revenues of 13,105,000. The other fees and charges amount, the 67,106,000 is broken down as lease revenues of 43,844,000; land sale revenue of 22,175,000; and other fees and licences of \$1,087,000. The miscellaneous revenue, the 13,105,000 is broken down by the gain on sale of land of 7,024,000; a refund of prior year's expenses, \$5.4 million; and casual revenue of \$672,000.

**Ms. Sproule:** — Thank you, Mr. Arscott. I'm wondering if you could explain that a little bit, the last figure of 13 million, a gain on sale. What does that mean? And I didn't quite catch the amount.

**Mr. Arscott:** — The gain on sale of land in 2015-16 was \$7,024,000. We recognized land sales in two areas. One in other fees and charges — that was the land sale revenue of 22,175,000 and that consists of land that does not have a carrying value on the balance sheet of the Government of Saskatchewan. The gain on sale of land is land sales where there is a book value for the land sold. So this is land that the government had paid for somewhere along in history that has to be removed from the balance sheet.

**Ms. Sproule:** — Okay. So you said 22 million had no carrying value. Would those be lands that had never been sold before? They were abstract lands?

**Mr. Arscott:** — These are lands never purchased by the province, so they were gifted to the province somewhere along the way.

**Ms. Sproule:** — They wouldn't be just lands that were never patented.

**Mr. Arscott:** — Yes.

**Ms. Sproule:** — So it could have been on patented Crown land as well?

**Mr. Arscott:** — Exactly.

**Ms. Sproule:** — Yes. Okay. And that's why there's no carrying value, because they've never had a commercial value assigned to them basically?

**Mr. Hoehn:** — Correct.

**Ms. Sproule:** — Yes. Okay. So gain on sale then was 7.24 million, and then you mentioned something about a refund for 5.4 million. Can explain that a little bit more?

**Mr. Arscott:** — Yes. The refund for prior expenses is the way the Ministry of Finance requires ministries to account for amounts that they've accrued at the end of a previous year that are not required to satisfy accounts payable. So as opposed to just being used up in the following year, it actually gets returned to Finance as something called a refund vote. This has to do with appropriation control, and it's a usual occurrence for the Government of Saskatchewan.

**Ms. Sproule:** — Could you give us a factual situation where that would happen?

**Mr. Arscott:** — Certainly. At the end of each year, we do an accrual for future AgriStability expenses. When the actual claims come in and the amounts are paid out, it can be above or below the amounts that we've accrued as accounts payable. If it turns out we've accrued too much and that payable is no longer required to satisfy the liabilities, we return that money to the GRF essentially.

**Ms. Sproule:** — Would you say that most of these refunds then were that situation with AgriStability?

**Mr. Arscott:** — Yes.

**Ms. Sproule:** — Yes. Okay. And then there was a third amount, 672,000, and what was that?

**Mr. Arscott:** — That was casual revenue, and that was repayment under the SaskBIO [Saskatchewan biofuels investment opportunity] program.

**Ms. Sproule:** — What is that program, SaskBIO program?

**Mr. Arscott:** — SaskBIO was for biodiesel, where we gave grants for companies to invest in biodiesel. We had originally expensed that amount as a grant, and then when the amount was repaid to us it was recorded as revenue.

**Ms. Sproule:** — And at the outset you indicated I think about 67 million in what you described, and then 13 million, but there was a figure you gave right off the top that I didn't catch as well.

**Mr. Arscott:** — The investment income of 204,000?

**Ms. Sproule:** — Yes. And what investments does that relate to?

**Mr. Arscott:** — That's really just interest charged on land sales.

**Ms. Sproule:** — Oh, interest. Okay. All right. Carrying on, in terms of the online survey for the Saskatchewan pasture program, do you know to date how many surveys have been completed?

**Hon. Mr. Stewart:** — Ballpark? 1,323.

**Ms. Sproule:** — Nothing like a sticky note to share information. What sort of consultation and communications have you had with producers to ensure that they're aware of it? I know it's on your website, but have you reached out at all to producers to make sure they take that opportunity?

**Hon. Mr. Stewart:** — I have in a number of speaking opportunities I've had, and we sent letters. The announcement on budget day. We've sent letters out to the patrons. We've advertised this in *Agriview* and I think that . . . [inaudible interjection] . . . Oh yes, social media as well.

[20:30]

**Ms. Sproule:** — I've received some concerns about what you could describe as the leading nature of some of the questions in the survey. And for example, I have one here. It says:

Some of parcels of land are significant in size. Do you agree with the land being sub-divided into smaller parcels where feasible to make it more practical to manage, lease or sell?

I guess it's been described as a leading question, as much as you're suggesting it would be easier if they were subdivided. But I guess my question is, who designed the questions for you? Who designed the survey? And maybe start there, and I might have a couple more questions on that.

**Hon. Mr. Stewart:** — The questions were drafted in consultation with a working group in the ministry, and the company that carried out the survey is called Empath, E-m-p-a-t-h.

**Ms. Sproule:** — Thank you. I just want to move on now to *The Saskatchewan Farm Security Act*. I don't know if Mr. Folk's not available today. Is there somebody here from the Farm Security Board?

**Hon. Mr. Stewart:** — No, there isn't.

**Ms. Sproule:** — No. Okay. Maybe, Mr. Minister, you might be able to answer this, or your deputy, I'm sure. We know some changes were made late 2015, and I guess just some follow-up questions on those most recent changes. So has there been any pushback on the ineligibility of pension plans and trusts to buy farm land? And if so, from whom?

**Hon. Mr. Stewart:** — Very little that I'm aware of. I think that's fair to say. And what little has been, has been to my knowledge from agents of the pension funds.

**Ms. Sproule:** — Of the pension funds. So other than, for example, the Canadian Pension Plan Investment Board, you haven't heard really concerns about that from other groups?

**Hon. Mr. Stewart:** — No.

**Ms. Sproule:** — How are you able to monitor, first of all, and secondly enforce the new legislation which outlaws an indirect interest or benefit associated with ownership?

**Hon. Mr. Stewart:** — Now I wish somebody from the Farm Land Security Board was here. But one thing that changed in the legislation and regulations was the onus was placed upon the purchaser to prove their eligibility in any way that's requested by the Farm Land Security Board. So rather than chase these investors around the world seeking answers, they're obliged to present them to the Farm Land Security Board or pay substantial fines.

**Ms. Sproule:** — I guess maybe you could ask them to report this back. But how many cases have they followed up on since the legislation came into effect? Maybe you could just ask them to provide that at a later date. And I guess the other question is, if someone pays cash for farm land, how are they able to determine the source of the funds?

**Hon. Mr. Stewart:** — Yes. Of course they do a declaration but beyond that it goes back to asking or insisting that the investors provide the information to the board. Whereas before, as you're

aware, the board was stuck with chasing after these answers and oftentimes never did get them.

**Ms. Sproule:** — Yes, I guess the problem with the declaration is, it only works if they're telling the truth.

**Hon. Mr. Stewart:** — Yes, sure. But the reverse onus is much more helpful, I would say.

**Ms. Sproule:** — So perhaps you could just share with the committee, once you're able to get that information from the board and their staff, how many times they've investigated land purchases since the new rules came in.

Yes, I have some more specific questions along that line. If you could get them to provide . . . Well here's the questions. How many statutory declarations have been requested by the Farm Land Security Board and why? I'm sorry, I know you were consulting, Mr. Minister. The question was how many statutory declarations have been requested by the Farm Land Security Board and why? The next one is how often does the Farm Land Security Board request further information or actions from the purchaser of farm land to prove that the purchaser is in compliance with the legislation, i.e. residency requirements? And if there is no documentary evidence or a paper trail, how can they enforce the new legislation? And a couple more. Have there been fines levied for contravention of the legislation, and if so, how much and to whom?

A couple more questions here. How does the Farm Land Security Board plan on monitoring compliance with legislation for online sales of Crown land? And what kind of information does the online auctioneer gather from the purchaser?

**Hon. Mr. Stewart:** — Did we get that one?

**Ms. Sproule:** — It will all be in *Hansard* too, so yes, okay. All right, moving on now. Then beyond the Farm Land Security Board, Ag Credit Corporation portfolio, just wanted an update on how many loans remain in that portfolio and what their value is.

**Hon. Mr. Stewart:** — About \$700,000 outstanding only and distributed between about 30 clients as of the end of March.

**Ms. Sproule:** — Are those something you consider bad debt or are they being paid in an orderly fashion?

**Hon. Mr. Stewart:** — They haven't been written off at this time, so I think we still have high hopes of collecting on them.

**Ms. Sproule:** — All right. Thank you. The Agricultural Implements Board approved a one-year holiday from collection of the \$25 annual Compensation Fund levy from distributors for the '15-16 fiscal year. The annual Implements Compensation Fund levy was also again set to zero dollars for '15-16. I guess that's the same years. Were these levies restated for '16-17, and what's your plan for '17-18?

**Hon. Mr. Stewart:** — Yes, we think they were. The reason they were put on hold was because the board had a substantial surplus, and it wasn't deemed that they needed to collect more at the time. But we think, and we're trying to find out for sure

so we don't mislead you, but we think the fees were reinstated.

**Ms. Sproule:** — Yes, I'll give you some time for that; you can get back to me. Now I'm back to crop insurance. I really haven't done too much with crop insurance. So maybe if Mr. Jaques wants to come forward, sure.

**A Member:** — Maybe.

**Ms. Sproule:** — Maybe. The question specifically is around appeals, and I'm just wondering how many appeals were filed in '16-17, if you have those numbers?

**Mr. Jaques:** — Shawn Jaques, SCIC [Saskatchewan Crop Insurance Corporation]. In 2016-17 we had 37 appeals heard by a provincial appeal panel.

**Ms. Sproule:** — And how many of those were granted or accepted?

**Mr. Jaques:** — Out of those appeals, six were granted in the producer's favour.

**Ms. Sproule:** — Can you share with the committee the subject matter of those appeals?

**Mr. Jaques:** — I don't have a breakdown of all the, you know, the different types. But they could, you know, range of any claim type that SCIC completes. It could also be an appeal that's heard if a customer has a concern about AgriStability as well.

**Ms. Sproule:** — Yes, I have some questions about that too. Of those 37 appeals then, were some of them AgStability? Would that be included?

**Mr. Jaques:** — Yes, about 10 of those appeals were, 10 of the 37 were AgStability appeals.

**Ms. Sproule:** — Could you provide us with sort of a general summary of the other types of appeals?

**Mr. Jaques:** — Well they could be anything from, you know, maybe where the producer and crop insurance didn't agree on a claim settlement. It could be, you know, maybe we reduced coverage for one reason or another. It could be . . . It's anything to do with the claims that producers might have registered with SCIC.

**Ms. Sproule:** — Can you share with the committee how many of those appeals were for too-wet-to-seed?

**Mr. Jaques:** — I don't have the number for unseeded acreage handy right now.

**Ms. Sproule:** — Is that something you could provide with the committee at a later date?

**Mr. Jaques:** — I would be able to get a general number of what that is, but not specifics to the claim, but the numbers.

**Ms. Sproule:** — I'm also wondering if you could provide the committee with a list of how many too-wet-to-seed . . . It's not a

claim, but the refusal to provide a claim. Do you have that number?

**Mr. Jaques:** — Well the thing with unseeded acreage, you know, when the customer is eligible, there may be some acres that the producer declares that are ineligible. So we don't have a record of which claims were denied. They're all accepted, but they may not pay for all of the acres. I don't have a breakdown of each one where they're denied.

**Ms. Sproule:** — Is that something you could get?

**Mr. Jaques:** — We don't track the denied acres.

**Ms. Sproule:** — Is that something you would have done in the past and stopped doing?

**Hon. Mr. Stewart:** — Ms. Sproule, I'm provided with some information about the Ag Implements Board. There was no assessment of fees again in '16-17.

**Ms. Sproule:** — Thank you for that update.

[20:45]

**Hon. Mr. Stewart:** — That's not a practice that we've discontinued. It's just that after acres are deemed to be too wet to seed one year, they're not eligible again until such time as they've been seeded and maybe become wet again.

**Ms. Sproule:** — I mean, as you know, I think there's a number of concerns from producers with these denials, and certainly, you know, questioning management practices. And I think other than the appeal route, this is something — in particular, I believe, for organic farmers — where they're just simply not purchasing insurance anymore. So I'm sure you're aware of the issue, but are there any steps you're taking to sort of revisit this or take a look at those management practices and see if indeed they do fit the purposes for insurance?

**Mr. Jaques:** — So with any claim that SCIC completes, you know, the role of our adjusters is to determine if it's an insurable cause of loss. So first thing we do, we always look at what's going on on that farm; is there something, you know, in the case of unseeded acreages, there's something unique that has occurred that has prevented the producer from getting that land planted. We look at what's happening in the area, you know, are producers in the immediate area getting their crops seeded.

And you know, with the case of organic, we are aware that they use different management practices. But we also take into account, you know, when is the seeding deadline, have they had an opportunity to seed. And we work closely with SaskOrganics. They've been recently at some of our . . . We've involved them in, you know, explaining to them how our adjusting procedures work. So you know, we look at what goes on at the farm and is it an insurable loss. And if it isn't, we take a look at what's happening in the area and to determine whether those claims are eligible or not.

**Ms. Sproule:** — I mean, when you hear of producers declining insurance altogether because of their management practices, I'm



sure it raises concerns because we would want producers to have access to those business risk management programs. So I guess that's the issue with organic farmers, is quite often the decisions of when to seed is determined by their weed management program. And I know you know all this, but it just seems like if producers are declining coverage because they feel that their choice of management practices they're confident in, but it isn't something that your organization is confident in. That means there's a disconnect.

**Mr. Jaques:** — So with respect to organic insurance, actually SCIC, we have, you know, probably the largest participation of organic acres in the country. In fact some provinces don't even offer organic coverage. We insure over 200,000 acres of organic production a year, so we haven't seen an exodus of organic producers from our program because of claims.

**Ms. Sproule:** — One more question for you. Concerns have been raised about the management structure at SCIC being rather top heavy, that there's one CEO, four vice-presidents, and four executive directors. Is that something that's under review, or is this something you've looked at in the past and have determined that that fairly top-heavy structure is necessary?

**Mr. Jaques:** — Actually, you know, our organization, I don't think we are top heavy. We are an organization of over 500 employees. The liability on crop insurance is, you know, right around the \$6 billion. And we also administer AgriStability. We administer the wildlife damage compensation program and now western livestock price insurance, which is also a new program.

So really the only change in our senior executive structure was the addition of one executive director when AgriStability came back to Saskatchewan. And that unit, it was around a hundred employees.

**Ms. Sproule:** — Thank you. Time is fleeting. I have a couple more questions. Just a quick one on the Grain Car Corporation. As you know, the sale that's been proposed will, may have an impact on shortline railways and hence producers. Were you, I guess ... expressed any concerns to the minister of Transportation, or is this something that you fully support or do you think there's going to be issues for producers as a result of it?

**Hon. Mr. Stewart:** — I do fully support this sale of the cars. Under this model we think that the vast majority of them, the majority of them at least, will be in the hands of the shortline railways where they will handle Saskatchewan grain on a continuous basis.

Under the previous model where they were leased to mainline railways, they would haul one load of grain out of Saskatchewan and the cars would be located all over Canada and the US, hauling loads in all kinds of different jurisdictions. So we think not only does it generate some revenue before the cars become obsolete, but it also will see the cars used more in Saskatchewan than they ever have been.

**Ms. Sproule:** — Thank you. I'm just wanting to find out what sort of information your ministry keeps in regards to producer income or, you know, large-scale industrial producers versus

what you would call a small-scale family farm-type operation where the producer actually lives in the same place as the farm is. And I guess a lot of the questions around access to AgriStability for example, where maybe larger organizations tend to benefit more from programs like ... well and AgriInvest for sure. So do you sort of track income profiles of farmers in Saskatchewan? Is that something that you can share with the committee?

**Hon. Mr. Stewart:** — There is a cap on both AgriStability payouts and AgriInvest payouts, and they both mitigate against, actually, the largest farms. There's a \$3 million cap on AgriStability payouts and a \$15,000 AgriInvest payment per farm regardless of size.

**Ms. Sproule:** — I guess my question is more about the nature of farms themselves. And we often refer to corporate farms, but I think that's a real misnomer because my two brothers formed a corporation to manage 15, you know, quarter sections. So I don't think that's the right terminology that we're using.

But when we see investment boards like Canada Pension Plan taking advantage of education property tax regimes that are intended for producers, is that something that you're looking at and determining whether out-of-province investment farmers who are benefiting from programs designed for Saskatchewan producers ... Do you have any intention to sort of make a distinction there in terms of accessing programs meant to benefit Saskatchewan farmers?

**Hon. Mr. Stewart:** — I'm informed that programs like AgriStability and AgriInvest are ... In the case where an Alberta producer farms land in Saskatchewan, he would be under the Alberta program if he pays his income tax in Alberta. If he's fully moved to Saskatchewan and pays his income in Saskatchewan, he could be under a Saskatchewan program. So generally speaking producers from out of province — and, you know, mostly they'd either be from Alberta or Manitoba — would pay their income tax in their home jurisdiction, and they'd be under the programs in that jurisdiction as well.

**Ms. Sproule:** — Okay. I have time for maybe one more topic, and I certainly have always a few more questions to ask than time. But I do want to just share with you a quote from the Premier from the April 13th Western Producer, and he said that ... He's talking about being down in Arizona with his parents, and he says, "I catch myself staring longingly at the price of cheese at the local Fry's. It's 25 per cent, sometimes, of what we pay." And then he went on to say ... He was talking about supply management, and he says, "Maybe we should be listening to the Americans a little bit more about supply management."

I want to share just a comment from a farmer in Wisconsin about supply management when he says here is, since 2012 Wisconsin has lost 2,411 dairy farms based on an initiative from the Grow Wisconsin Dairy initiative. And he says:

The key piece of information in this story is that U.S. dairy farmers are simply producing too much milk. According to data from the U.S. Department of Agriculture, 43 million gallons of milk were dumped in fields, manure lagoons, or animal feed, or were discarded at plants just within the first

eight months of 2016.

So my question for you, I guess, Mr. Minister, is are you advising the Premier on this file? And we know that the United States president has recently been musing out loud about the supply management system, but does your ministry have a position on this?

**Hon. Mr. Stewart:** — We support supply management, although in Saskatchewan it's only between 2 and 3 per cent of our agricultural production. We do support it and we always have. And obviously if it becomes a trade impediment to the other 97 or 98 per cent of our production, that's a thing. But we hope it doesn't come to that, but we can't sacrifice our world trade for 2 or 3 per cent of our industry either.

So we will support supply management, you know, as long as it doesn't become a deal killer for trade in other commodities. And that's I think the bottom line, and I've expressed that to supply management organizations in the past.

**Ms. Sproule:** — I guess a good example would be CTA, where it was the barrier to the negotiation of the deal and so was kind of thrown under the bus there. I guess the last question then is what sort of preparations are you in right now in terms of a renegotiated or even terminated NAFTA agreement?

[21:00]

**Hon. Mr. Stewart:** — Well we're not to that point yet, although the Premier made a recent trip to Washington, DC [District of Columbia] to extol the benefits of NAFTA to the United States where they have a trade surplus with us in agricultural products. I don't know if the current administration is fully aware of that yet, but that was the purpose of the Premier's, one of the purposes of the Premier's mission. And so as far as negotiations go we haven't got to that point yet, but we did take that pre-emptive strike and we'll be doing more through organizations like PNWER [Pacific NorthWest Economic Region] and so on, try to get the message across that the Americans are the main benefactors of NAFTA in North America.

**Ms. Sproule:** — This will be my very last question, is can you update the committee on the status of the fumigation issues that India is raising as a problem for them?

**Hon. Mr. Stewart:** — Yes. We believe that that issue is being resolved. We've got a 90-day extension, I believe, on shipments and meanwhile I'm sure that some accommodation can be reached with India. Of course the particular insect that they want us to fumigate for does not exist in Canada so you know that's one thing that mitigates in our favour.

Another issue is that the fumigant doesn't work in colder weather and a lot of our grain is shipped in wintertime. And the third issue is that the federal government is trying to make illegal the chemical that's used to fumigate.

So we have a number of issues. The cold weather and the fact that the bug doesn't exist in Canada are very good arguments. The potential problem of the federal government making the chemical illegal is a man-made impediment that we may have

to deal with.

**Ms. Sproule:** — All right. Well then thank you. I'll just say thanks to the minister and the officials for once again providing succinct and helpful answers, and thanks to the Chair and the committee.

**The Chair:** — I'd like to echo those comments. Thank you very much, Mr. Minister, and all the officials for all their answers. I think we had most of them up front here directly answering questions so thank you for your forthrightness on those matters. And I will turn over to Minister Stewart, once again, for some final, brief, last comments.

**Hon. Mr. Stewart:** — Thank you, Mr. Chair, and committee members. Thank you to the Agriculture officials. A number of these questions are very detailed and technical, as always, and we very much appreciate your help tonight. And thank you, Ms. Sproule, for this as always very civil exchange of information and sometimes ideas, and I appreciate it. I hope we've answered your questions. Those we couldn't answer, we'll get answers for. Thank you.

**The Chair:** — Thank you, Mr. Minister. It is 9:03 p.m., and we need a motion from one of the members for adjournment. Mr. Kirsch. We'll go with Mr. Kirsch as moving that. Several members put their hands up. I recognize Mr. Kirsch. So are we all agreed on that motion?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. This committee stands adjourned to the call of the Chair. Thank you all.

[The committee adjourned at 21:03.]