



Standing Committee on Agriculture

Hansard Verbatim Report

No. 7 – May 22, 2002



Legislative Assembly of Saskatchewan

Twenty-fourth Legislature

**STANDING COMMITTEE ON AGRICULTURE
2002**

Ron Harper, Chair
Regina Northeast

Donna Harpauer, Vice-Chair
Watrous

Pat Atkinson
Saskatoon Nutana

Bob Bjornerud
Saltcoats

Wayne Elhard
Cypress Hills

David Forbes
Saskatoon Idylwyld

Carolyn Jones
Saskatoon Meewasin

Ron Osika
Melville

Randy Weekes
Redberry Lake

The committee met in camera.

The committee met at 9:02

The Chair: — I will now convene the meeting of the Standing Committee on Agriculture for the purposes of hearing presentations.

Our first presenter this morning is from the Prairie Centre Policy Institute. And what I will do is I will invite the members to introduce themselves. And then, Craig, we'll turn it over to you to introduce yourself and anyone you have with you, and then we'll be ready for your presentation.

So with that, my name is Ron Harper, I'm Chair of the Standing Committee on Agriculture. And we'll start on the left here.

Mr. Prebble: — I'm Peter Prebble, and I'm the member of the legislature for Saskatoon Greystone.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Ms. Jones: — Good morning, I'm Carolyn Jones, MLA for Saskatoon Meewasin.

Ms. Atkinson: — I'm Pat Atkinson, MLA, Nutana.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Mr. Kaczowski: — I'm Viktor Kaczowski. I'm the Clerk to the committee.

Ms. Harpauer: — Donna Harpauer, MLA for Watrous.

Mr. Bjornerud: — Morning. Bob Bjornerud, I'm the MLA for Saltcoats.

Mr. Elhard: — Morning, Craig. I'm Wayne Elhard. I'm the MLA for Cypress Hills.

The Chair: — Thank you. Craig, if you will introduce yourself and anyone you with you and then we will have your presentation.

Mr. Docksteader: — Thank you, Mr. Chairman. It's a pleasure to be here. My name's Craig Docksteader. I'm coordinator with the Prairie Centre Policy Institute. I just want to confirm our time. Are we going the full 30 minutes?

The Chair: — Yes, the full 30 minutes.

Mr. Docksteader: — Okay. I'll just introduce the Prairie Centre Policy Institute to you briefly, give you a bit of a background on our interest in the possible changes to the Saskatchewan Farm Security Act, and then proceed into a kind of the heart of our presentation this morning.

The Prairie Centre Policy Institute is a non-profit, non-political organization. Our purpose is to advance ideas on wealth creation in order to enhance both the economic and the social well-being of the prairie region.

In order to do this, what we do is we commission and carry out objective professional research designed to do two things. Number one is to identify impediments to wealth creation; secondly, to identify opportunities to wealth creation.

We believe that it's the ability of the economy to create wealth that finances all the other activities in society such as social and health spending, social and economic infrastructure, education, training. Therefore it's important to ensure that we identify both the obstacles and the opportunities so we can act accordingly.

We then take the results of our studies, we publish them, and distribute them broadly across the prairie region in order to stimulate discussion and debate both at the policy and the grassroots level. Our funding comes from the voluntary contributions of supporters from across the prairie region, which is currently comprised of approximately 95 per cent rural and 5 per cent urban.

We take particular interest in the province of Saskatchewan for two primary reasons. Number one, Saskatchewan, we believe, has the potential to be a very prosperous province. Yet after almost 100 years, I would argue that this prosperity has still not been realized. We are in fact classified, as you know, as a have-not province.

Secondly, Saskatchewan is facing some significant challenges. I'm sure that the committee members are aware of most of these challenges, so I won't go into them in detail. But I do want to summarize the impact of these challenges by noting how they will . . . how the changing demographics are going to impact our tax base.

According to the findings of a recent report released by the Prairie Centre, by 2026, 46 per cent of Saskatchewan's population is either going to be under 15 or over 60 years of age. These are just StatsCanada numbers here. And while all three Prairie provinces are facing the similar demographic shift with the baby boomers aging, Saskatchewan is going to feel it more intensely than the other two Prairie provinces for three reasons.

Number one, our population is not growing. Number two, Aboriginal employment is increasing slower than Aboriginal population. In other words, there's a decreasing rate of Aboriginal employment. And thirdly, too many young people continue to leave the province.

Consequently when you take all these factors and you account for those who are not working, those who work but do not pay taxes, by 2026 each Saskatchewan person of working age making a net tax contribution will have 17 people dependent on them to pay for their social and economic services.

It's quite clear that this trend is not sustainable and clearly demonstrates that change is required. And it's within this context that we want to address The Saskatchewan Farm Security Act. The demographic projections indicate that the status quo is not an option and clearly demonstrate that we must aggressively pursue wealth creation in order to ensure a stronger economic future.

The question is why should we change the Act with . . . Well much of the debate centres around the impact of the Act on agriculture and the farm community. The policy institute would like to draw the attention of the committee to the broader implications of the Act. We would argue that changing the Act is about far more than determining who can buy Saskatchewan farm land; it's about facilitating an essential and fundamental shift in attitude that is necessary if Saskatchewan is going to meet the challenges that are on our horizon.

We strongly support changing The Saskatchewan Farm Security Act to bring Saskatchewan's farm land ownership rules in line with those of Alberta and Manitoba for the following reasons.

Number one, The Saskatchewan Farm Security Act reinforces the myth that we must be wary of outside investment in Saskatchewan. I think it would be difficult to overstate the importance of countering this myth in order to facilitate a shift in attitude of Saskatchewan people toward outside investment. As stated in the ACRE (Action Committee on Rural Economy) report, the very survival of rural Saskatchewan necessitates massive investment from outside our provincial borders. And I quote from the report:

The size of the investment dictates that the vast majority of the investment must come from the private sector generally and out-of-province sources specifically as the provincial treasury and private savings of Saskatchewan residents are simply not large enough to sustain this level of investment.

Both rural and urban Saskatchewan benefit from outside investment. As long as Saskatchewan continues to harbour misgivings about such investment the province will not be able to attract the capital necessary to secure its future as a dynamic, prosperous place to live and do business.

Changing The Saskatchewan Farm Security Act frankly is about leaving our historical apprehension toward outside private investment behind, and embracing a future characterized by the pioneering and entrepreneurial attitudes which founded this province. Without this we will not overcome the challenges that lie in front of us.

The second reason we support changing The Saskatchewan Farm Security Act is that the Act reinforces the old economic culture which looks at corporations with mistrust and suspicion. As I'm sure you're familiar with our history as a province, this is deeply inbred within the province and needs to change. If Saskatchewan's going to face the future boldly and meet its challenges with confidence, we must not only welcome personal and private investment but also corporate investment. Restricting Canadian or even Saskatchewan corporations from investing in agricultural land strengthens the anti-corporation mindset which is detrimental to wealth creation and economic growth.

Thirdly, The Saskatchewan Farm Security Act diminishes the economic image that the province portrays to outsiders. Saskatchewan needs to improve its image in the inter-provincial and international marketplace.

As the committee has undoubtedly heard, the perceived barriers created by the Act are arguably much greater than the actual

ones. Sometimes that is used as a reason to not change the Act; I would argue it's a reason to change the Act.

In addition to serving as a general disincentive for investors and immigrants, there's compelling anecdotal evidence which suggests that Saskatchewan is courting a reputation in the marketplace as an economic backwater. Changing this Act will send a strong signal to both domestic and foreign investors that Saskatchewan is not stuck in the past but is embarking on a journey to become a preferred place both to invest and reside.

I'd like to respond briefly to some of the concerns that are commonly raised when discussing the issue of removing restrictions on the domestic ownership of Saskatchewan farm land. Some of these are as follows: escalating land values — the concern is that agricultural land values will rise, making it more difficult for emerging or expanding producers to purchase farm land.

We would counter that the impact to Saskatchewan's farm land ownership regulations on land values in Saskatchewan has actually never been empirically evaluated or determined. However, it's commonly accepted that the existing rules do play some downward pressure on price due to reduced market size.

While an upward adjustment in price is foreseeable in the event that the existing rules are relaxed, prices are not likely to surge due to the current challenges facing the agriculture sector. Any rise in the price of agricultural land which results from changing the Act will in fact be a reflection of the true market value of farm land. And we would argue such an adjustment would only serve to bolster the image of growth and prosperity that we want Saskatchewan to convey.

Those who support the existing restrictions on farm land ownership in order to artificially depress land values are, in fact, advocating an intergenerational transfer or intergenerational subsidy from retiring farmers to expanding ones. If it is deemed to be in the public interest to keep the price of farm land low for new producers, then the cost of doing so should be publicly funded — not imposed on retiring farmers.

It's fundamentally wrong to devalue the assets of farmers who have worked to establish an equity position that provides for their retirement and the inheritance of their children in order to provide a subsidy to an emerging generation of farmers.

Rural depopulation is a concern that easing restrictions on farm land will contribute to rural depopulation and the demise of rural communities. This as we know is actually quite an old concern, was around in 1974 when the Act was first put in place. In fact rural depopulation began in the 1930s and has continued practically or virtually unabated to this day. Restrictions placed on farm land ownership in 1974 had no mitigating effect on rural depopulation or the declining number of farmers in the province as we can see from most recent StatsCan figures.

Consequently, ongoing rural depopulation is an argument for removing, not retaining, the existing restrictions in the domestic sale of Saskatchewan farm land. There is no evidence that easing the existing restrictions will have any negative impact on

rural depopulation. It is in fact, more likely to have a positive impact by allowing increased investment into rural Saskatchewan.

There's a concern that Saskatchewan will see an increase in the number of absentee landlords. I think it's important to note that that will be a given if this Act is changed. In fact if changes to the Act produce the required and necessary results, there will be an increase in the number of absentee landlords. However, absentee landlords do not imply absentee farmers and is neither a predominant nor problematic issue in other jurisdictions who have less restrictive farm land ownership rules.

Leased farm land is a common and valued component of prairie agriculture. There is a concern that allowing absentee landlords means profits and taxes . . . tax revenues will be lost from the province. This concern is actually based on what we would call the erroneous fixed pie concept and fails to appreciate that the size of the economic pie is actually increased through outside investment. While some profits and taxes may be redirected to other jurisdictions, the increased size of the economic pie means Saskatchewan residents also benefit. Restricting outside investment on the grounds of keeping profits at home fails to recognize the broader economic impact and growth that such investment brings with it.

Also, immigration discussions surrounding the topic of changing Saskatchewan Farm Security Act suggest that the Act serves to facilitate international and interprovincial immigration or migration. Experience, however, does not support this assertion. Statistics show that Saskatchewan has the least immigration of the three Prairie provinces and the greatest net interprovincial out-migration.

Increased migration will be realized by establishing an environment which is attractive to investment and capital, not by erecting trade barriers. Investment and capital will create economic growth which creates jobs which creates opportunities which attracts people. If people will not bring the capital — in other words, move here in order to buy the land — people will follow the capital.

The following are the recommended changes that we would propose to bring Saskatchewan's farm land ownership rules in line with Alberta and Manitoba. This is just simply a comparison of the three Acts and shows what we would need to do to our Act in order to make it on a level playing field with the two provinces to the East and the West.

The first change: there would need to be no restrictions on Canadian residents. While all three Prairie provinces place restrictions on non-Canadian individuals and corporations, only Saskatchewan restricts other Canadians from owning its farm land — I'm talking about the three Prairie provinces here, of course. Canadian residents who do not live in Saskatchewan are restricted to owning no more than 320 acres of Saskatchewan farm land. Neither Alberta nor Manitoba place any restrictions on Canadians living outside of their province.

Secondly, there would need to be no restrictions on Canadian corporations. When the legislation was first passed in 1974, Saskatchewan not only placed limitations on Canadians who did not reside in Saskatchewan, but it also restricted farm land

ownership by Canadian corporations. All three Prairie provinces restrict sales of farm land to foreign owned corporations, but only Saskatchewan restricts Canadian corporations to purchasing no more than 10 acres of farm land.

Thirdly, no restrictions on Saskatchewan corporations. Saskatchewan also restricts the ownership of farm land by corporations who are within the province. Unless the province is involved in agriculture and controlled by Saskatchewan producers, it is restricted from owning more than 320 acres of farm land. Neither Alberta nor Manitoba place these restrictions on their provincial corporations.

Lastly, eligibility should be based on either citizenship or residency. In Saskatchewan, the eligibility of prospective farm land buyers is determined by their place of residency. Manitoba and Alberta determine eligibility on the basis of either residency or citizenship. This means that a Canadian citizen who resigns in another country would still be permitted to own farm land in either Manitoba or Alberta as long as they retain their Canadian citizenship. I think that's an important point.

In conclusion, changing The Saskatchewan Farm Security Act will not solve all of the challenges facing Saskatchewan. It is, however, a critically important step in transitioning the province into the place where untapped potential can be realized.

We'd argue that there is no need for Saskatchewan to be a have-not province. It is not a given that our children will grow up and leave to work somewhere else. We do not need to lower our expectations. We need to recognize that we have tremendous potential which can be realized if we make the right decisions.

Changing The Saskatchewan Farm Security Act is not a panacea, but it is a step in the right direction and it is a step that we should take. Thank you.

The Chair: — Thank you, Craig. Committee members, we have approximately 15 minutes for questions.

Mr. Elhard: — Thank you, Mr. Chairman. Craig, thank you for your presentation. I think it laid out a very logical presentation, a very logical approach to the issue.

But I have some questions that I would like to have you address. The first one is raised on page 4 where you talk about The Saskatchewan Farm Security Act reinforcing the myth that we must be wary about outside investment in Saskatchewan. Does this myth have a greater impact on the population within the province or on the population without . . . outside the boundaries of the province? In your estimation?

Mr. Docksteader: — Could you elaborate on that? I'm not sure I understand how it would impact on the population outside of the province.

Mr. Elhard: — Well I'm wondering whether or not this belief that there is a restrictive attitude isn't more prevalent inside the province than without? You know we tend to believe that we're secure here and that we don't have to compete in terms of landownership, and we don't have the normal marketplace effects on our land purchase decisions.

Does that restrict us in any respect? Do we respond as farmers, as landowners in this province as a result of that belief? Are we less aggressive maybe, less business-minded, less effective in our management because of what we think is that restriction?

Does it impact us to a greater extent maybe than anybody who might want to come to this province and take up landownership and the business of farming?

Mr. Docksteader: — I think it probably cuts both ways, Wayne. I mean with regard to the residents of Saskatchewan, there's no question that this is part of our provincial identity and our provincial culture. I mean it's woven throughout our history and a lot of the public policy decisions that were made throughout the years were made around this very culture that we must be wary of outside investment.

Therefore we must own the natural resource, we must have a predominance of Crown corporations, we must . . . There are lots of decisions that were made because of how Saskatchewan residents felt about outside investment. So it definitely impacts significantly inside but I would argue it impacts significantly outside as well, but only in the sense that it is a deterrent to investment.

Now I can't statistically prove that. I can only have anecdotal evidence that we hear continually, that when somebody's looking for a place to invest their money and they see those kinds of attitudes, immediately their barriers are there. You know all their red lights or their flags go up and they are hesitant to make that investment. That is not a unilateral rule by any means but it is nonetheless very true, and I believe has an impact on those people outside the province.

Mr. Elhard: — I have a supplemental question if I could? On page 6 you develop an argument of the situation concerning reduced farm land prices and how people see that as positive for the ability of young Saskatchewan farmers to get started, or for existing farmers to expand, and how by maintaining low-priced land in Saskatchewan it becomes a subsidy to new and expanding farmers at the expense of existing and/or retiring farmers. Would you develop this argument in terms of public policy and where you think that is actually leading?

Mr. Docksteader: — Well this is my point there, is that, frankly, I think it's . . . that's terrible public policy to almost . . . Like the Saskatchewan Farm Security Act as a subsidy tool to reduce the value of farm land is a very blunt instrument. It doesn't cleanly cut to what's supposed to happen. So if the public policy purpose is to keep the price of farm land low for emerging or expanding farmers, then there should be public policy passed specifically to that effect, of which the costs are covered by the public in general rather than having those costs imposed on a certain constituency within . . . or certain demographic within the province.

I think it just makes much more sense and is in fact much better public policy to have the costs of public policy paid through public revenues rather than imposed on, I would argue, a sector of the population or the demographics that can least afford it. We are having farmers that need to get out of farming. This reduces their ability to do so.

But I would temper all that with the point that I . . . Again, as I mentioned, there is no empirical studies to say this is what has happened with the price of farm land as a result of this Act. We do know that Saskatchewan land values have declined whereas everybody else other than Nova Scotia have been on the rise or at least stable. But we don't know that that is directly to the . . . related to this Act.

So consequently we can't say, and I think it would be erroneous to assume that we remove this . . . the provisions, the restrictions of the Act with regard to Canada one day and the next day land prices are going to, you know, jump up. I don't think it's going to happen.

But I do think that it will allow the market to level out and it will likely nudge up to a place where it's at least relatively comparable given all the other different factors as well.

Ms. Harpauer: — Thank you, Craig, for a great presentation. I'm just going to follow up with Wayne's last question because I thought that was such an important statement for people to understand. Because we do have this perception that we need to protect this land and keep it low to keep our . . . to get our farmers started.

But I'm not even too sure why that perception's began. Because historically if we look at farmers and how they got started, I don't know of too many farmers that could start and buy their equipment, buy their input costs, and buy their land. Most young farmers got started by leasing land, and by leasing land you need an absentee land owner of some sort, not necessarily absent from Saskatchewan but someone who is willing to lease out the land. And leased land is extremely important to . . . for young farmers to start. So how we all switched that they've got to be able to start by buying land, I'm not sure. But would you agree that if we want to see young people start, we need more land available to lease?

Mr. Docksteader: — I don't know if that's true or not. The point here is that it's difficult to see the downside of having more leased land available.

There is the concern with regard to price that you don't want outsiders, so to speak, artificially speculating and therefore pushing up the price of land above its market value, therefore making it more difficult for residents of Saskatchewan to buy the land in order to farm it. So it's artificially inflated through speculation, as a result our own farmers, our own residents can't buy the land.

That may be a true concern of some people, but I don't think it's realistic in light of the farm situation in Saskatchewan and in light of the profitability of farming in general and what land prices are. I think if we could simply see land prices rise a little to see our retiring farmers be able to retire with more of their actual value that they have put into the land over the years, that that would be satisfactory. I don't think there's any danger of speculation driving land prices through the roof in Saskatchewan.

Ms. Atkinson: — Manitoba changed its farm land security Act in 1997. Do you know whether the price of farm land in Manitoba has risen? Is there any empirical data?

Mr. Docksteader: — No, I don't know of any. We have spoken to the people on the board there and they have mentioned . . . what they told us is they have seen virtually no change as a result of the Act. And they weren't specifically talking about land prices at that time but both in terms of how many people are buying land, what's happening now, you know, there was basically no change. It was just like there wasn't even a ripple as a result of the change, other than it dropped their workload considerably and allowed them to focus on other areas.

Ms. Atkinson: — Well I understand that. So if an argument . . . I think you're making an argument that if we were to amend the farm land security Act and open it up, that this would . . . the marketplace would be larger in terms of farm land sales. But then you've just said that . . . what you . . . the information you have from Manitoba is that they opened up the Act but there has not been a corresponding increase of any kind in the price of farm land in Manitoba.

Mr. Docksteader: — Right. This is the point that retaining the Act in order to artificially depress prices is poor public policy. However, we have no evidence that in fact the Act actually does that. We only have anecdotal kind of evidence where somebody wants to buy land and they can't. A farmer in Manitoba cannot buy land in Saskatchewan. So . . .

Ms. Atkinson: — Okay. So I just wanted to follow up on one of your arguments for opening up the Act.

Now, I guess the other . . . I want to talk about this perception because one of the things that you've said — and I have had an opportunity to speak with one of your directors for your centre — and it's the whole issue of perception, that the perception as . . . the perception of Saskatchewan I think it's your term backwater, a backwater place.

Can you elaborate on that point?

Mr. Docksteader: — Sure.

Ms. Atkinson: — And what evidence that the perception is that we're a backwater place?

Mr. Docksteader: — Well I didn't say that the perception is we're a backwater; what I said is that we're courting that perception. And I mulled this over quite a bit, whether to include this or not to include this, because it is in fact a little bit strong.

And it's not the way I feel about Saskatchewan; it's not the way the organization feels about Saskatchewan. But we constantly get feedback from people after we do presentations, after we talk about what we're attempting to do, just simply through some of our directors through their various contacts in the business community, that refer to Saskatchewan in a very derogatory sort of way as a result of some of our what I would call economic policies, for lack of a better word.

But this Saskatchewan Farm Security Act is one of those where to keep out other Canadians is kind of . . . poses an image that is not a positive image. It's kind of like let's build the walls, let's hunker down and protect ourselves rather than say, hey we're

confident, we can compete with anybody; we can make a go of it. You know, we welcome you to bring your money in here and make something — you know, invest and create jobs for us. That's great. We can do that ourselves and you can come on in and do it as well. And so an attitude of confidence rather than an attitude of hunkering down and building walls.

So I don't . . . we don't have any statistical evidence, only anecdotal evidence. But it's fairly strong. We run into it constantly.

Ms. Atkinson: — So your argument is based on antidotal evidence. Anti — I can't say that word. Anyway, evidence or comments, hearsay, to some of your directors that we need to shift public policy. That's one of your arguments.

Mr. Docksteader: — Well this is the question: is that accurate or isn't that accurate? And that's a question that we have to answer. And yes, I don't have statistical evidence; I only have anecdotal evidence. Nobody has statistical evidence to that fact.

I think it's important. I personally think it's true. That's a question all the committee members will have to answer for themselves.

The Chair: — Peter, a very pithy question and a very pithy answer please.

Mr. Prebble: — Well I'll do my best, Mr. Chair. Craig, thank you for your presentation.

My question is on the matter of outside investment and our ability to screen whether it's good for the community or not, and whether it's good for the province or not. And in effect right now what we're doing is we've got a board that screens outside investment proposals, and when the board thinks that it's in the interests of Saskatchewan people — our taxpayers and local communities — to allow outside investment, they do. And when they don't think it's in the interests of the local community and Saskatchewan taxpayers as a whole to allow the outside investment, they say no.

And what you're proposing is that screening mechanism be eliminated. Do you suggest replacing it with another screening mechanism other than the farm . . . other than our existing board, or do you just see setting it aside completely?

And if you see the latter, could you speak to the risks that might be associated with the kind of investments that wouldn't be good for the local community or that wouldn't be good for Saskatchewan taxpayers by virtue of the fact that the profits and the revenues from those investments might largely end up landing outside this province.

What's the replacement screening mechanism, if any, that you envisage?

Mr. Docksteader: — I do not envision a replacement screening mechanism nor do I see a need for it. I think . . . my question would be as well, what are the risks there are? I don't see any risks. If you look at Manitoba . . . And we have to remember two things. One, what is the situation we're in? Are we doing very well at attracting investment? How important is it that we

get investment? It's critically important we get it. If we don't get it, we're going to be in trouble. So we have to get it.

Are we doing a good job of getting it? No. Is the Farm Land Security Board in a place where it can properly evaluate these things? I would argue no. Getting 2, 3, 5, 10, 20 people together, they're not going to be as effective as individuals making these decisions in relationship to other people.

So if we look at Manitoba, if we look at Alberta, are they suffering as a result of that? No, we don't see it. We do not see evidence of this creating significant problems. Will there be isolated cases where we look at it and say, well you know that probably shouldn't have happened? Probably. But that may be part of the cost of ensuring that we have an environment by which we can attract the kind of investment that we need.

I don't think we're going to get it perfect all the time, a committee won't get it perfect, relaxing the rules won't get it perfect. But I think we stand a greater chance of success by relaxing the rules in order to encourage the investment so we can ensure a strong economic future.

The Chair: — Thank you, Craig, on behalf of the committee. I want to thank you very much for your very detailed and informative presentation. Thank you for appearing before us. Thank you.

The next presenters will be the Plains Agricultural Services.

Well good morning Bob, and thank you for making yourself available to the committee. I would like to ask the committee to introduce themselves and then we'll have you, Bob, introduce yourself as well as anybody that may be with you. And then we'll have your presentation.

My name is Ron Harper. I'm the MLA for Regina Northeast and Chair of the Standing Committee on Agriculture.

Mr. Elhard: — Good morning, Mr. Dyck. My name is Wayne Elhard. I'm the MLA for Cypress Hills.

Mr. Bjornerud: — Good morning, Bob. I'm Bob Bjornerud, MLA for Saltcoats.

Ms. Harpauer: — Good morning. Donna Harpauer from Watrous.

Mr. Kaczkowski: — Good morning. I'm Viktor Kaczkowski. I'm the Clerk to the committee.

Mr. Fenson: — Avrum Fenson, research to the committee.

Ms. Atkinson: — Pat Atkinson, Saskatoon Nutana.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Mr. Prebble: — Good morning, Mr. Dyck. Peter Prebble, Saskatoon Greystone.

The Chair: — Thank you committee. Bob, if you'll introduce

yourself and anybody you may have with you. And then we'll have your presentation.

Mr. Dyck: — Well as you can tell from my presentation that you have before you, my name is Bob Dyck. I own and operate, with my partner Dianne who's present here, Plains Agricultural Services. My daughter Jennifer is here as well.

When I drove up I had a difficult time finding a parking spot and I drove to the extreme east end and there I saw a large bus with Farmers Union labelled on it. And I thought, wow this is big — they sent in a whole bus to hear my presentation.

I would like to thank you, committee — Mr. Harper and the committee members — for giving me the opportunity to express my thoughts and to share my thoughts with you regarding the farm land . . . pardon me, The Saskatchewan Farm Security Act. I have not met any of you in person. I think I've spoken to one of you by phone once upon a time, some time ago.

I would like to congratulate the members of the legislature for holding these public hearings to discuss this legislation. The correct resolution of this issue has implications that are most important to the current, as well as future development of agriculture in Saskatchewan. I consider it a privilege to speak to you and have my thoughts heard.

I wish to advise that my whole life has been agriculture. Our business, Plains Agricultural Services, has provided services to farmers, landowners, government agencies, and financial institutions. All of our services relate to agriculture. I can say with a level of pleasure my livelihood has permitted me to understand and appreciate agriculture from a most diverse and broad perspective.

During the past 35 years I have worked with and observed first-hand the different players in agriculture through my direct association with a large number of farmers and landowners — some of which were non-residents — also government agencies and financial institutions, both public as well as government Crowns have used my services.

I am at the end of my career as a professional agrologist and a businessman. This legislation will no longer block any business opportunities because I am not looking for opportunities. If my remaining small portfolio disappears tomorrow I would not be concerned. Dianne and I might be quite elated in fact.

I have phased out most of my business activities during the past five years. I will not benefit from this legislation. The amount of land that I've acquired was purchased to participate in the pleasure of owning Saskatchewan soil.

The decision to change or not to change this legislation will take some political courage even though the reasons must be economic. Before your political courage kicks in, I hope, in fact I will beg you, to critically and honestly evaluate our past, determine where we are as a province in a global economy, and take inventory of our God-given resources, and develop a vision for this province that reflects the freedoms and values that are truly . . . that a truly democratic society strives to uphold so that future generations of Saskatchewan people and outside the boundaries of Saskatchewan can come here and prosper.

The reasons for making significant changes to this legislation are not political. We have reached a level in this province where this is not a left-wing/right-wing issue, if you ask yourself the basic question: what does Saskatchewan need? What are we lacking? What have we not succeeded in doing? Specifically, what does the agricultural industry in Saskatchewan need to develop and prosper in the immediate as well as the long-term future?

First of all, I would like to define or describe Saskatchewan in very basic but real terms. To do this, we must use a few simple statistics. Saskatchewan, as we all know, is a large land mass of land, lakes, and rivers.

As a province, however, we lay claim to the following: 20 million hectares or 49.4 million acres of cultivated land; a little over 5 million hectares of native pasture. That represents 48 to 49 per cent of Canada's arable land.

As well, we lay claim to the world's largest reserve of potash. Some people tell us it's around a 300-year supply.

Vast forest areas, significant oil and gas reserves, enough uranium to put a glow on the whole world, pristine wilderness and lakes the size of many countries; a total population equivalent to a small European or Asian city. Can I ask you — is this a fair thumbnail sketch of Saskatchewan?

Today, we should concern ourselves though with Canada's 48 per cent arable land that is in Saskatchewan. What do we do with 25 million hectares of agriculture land? Well as you all know, we grow spring wheat, durum wheat, canola, oats, flax, pulses, and baby calves.

What do all of these commodities have in common? With the exception of pulse crops —and President Bush is in the process of changing that as well — these crops, these products are all low value, raw products that grandma and grandpa in Regina, brother Jack and family in Calgary, cousin Jill and family in Vancouver are unable to utilize. All the commodities I have listed are raw, low value products that have to be refined or finished, as in the case of calves, and processed to make . . . before Jack in Calgary and Jill in Vancouver knows what to do with them.

To accommodate grandma and grandpa and Jack and Jill, we export 60 to 85 per cent of all of these commodities to be fed, finished, refined, and processed.

Tables 1 and 2 below illustrate the barley and oats we export to foreign destinations. No statistics are available on feed grains exported to Alberta and Manitoba, but we do know we export the majority of the feed grains.

Table 3 below charts the cattle and calves by province. Alberta lays claims to 40 per cent of the cattle and calves in Canada. Saskatchewan lays claim to less than . . . pardon me, to less than 18 per cent of the cattle and calves. Saskatchewan produces between 1.1 and 1.2 million calves annually. Of that 1.1/1.2, 48 to 55 per cent are finished in Alberta, depending on the year. Twenty per cent are finished in Manitoba, Ontario, and US (United States) destinations. In the year 2001, 69 per cent of Saskatchewan calves are finished outside the province. That

same year we retained 31 per cent.

Nationally, CanFax actually lumps us in with Manitoba and BC (British Columbia). And having a level of pride and being somewhat competitive, I find that disturbing and almost an insult but that's actually what they need to do because the numbers are that small. Saskatchewan and Manitoba combined on the national scene are home to 9.2 per cent of the fed cattle; Ontario and east, 18.7 per cent; Alberta lays claim to 72 per cent.

These figures, I suggest, show that we do not play our rightful role in Canada's livestock industry. Saskatchewan's calf and finished cattle numbers do not reflect the massive capacity that our natural resources are capable of producing. I suggest these figures show firstly we do not utilize our resources effectively. A land base of 62 million acres in Canada should be leading the pack in sheer numbers.

Secondly, these figures show that very deliberate decisions have been made. Policies have been in place for a long period of time to so successfully negate our natural advantages. We did not get here by accident, nor by luck, nor by someone else's good fortune.

Now I'd like to have a look and take a look at Saskatchewan's hog numbers. Saskatchewan, we've been identified for the last 20 to 25 years as an ideal location for hog production by non-Saskatchewan people, interesting . . . interestingly numerous European investors for these reasons. First of all our climate, temperate and dry, has tremendous implications for animal health, tremendous implications for sound environmental practices. We have a vast . . . We have vast tracts of land and a low population. Since the removal of the Crow freight rate, we are one of the world's lowest cost producers. In North America, we are the lowest cost producer.

I would like to compare the hog numbers on the prairie . . . in the Prairie provinces. In the year 2001, Saskatchewan produced 1.8 million hogs, Alberta 3.5 million hogs, Manitoba 5.9 million hogs. Since 1995 we have had a very significant increase in hog production, not only in the Prairies but in North America but particularly in the prairie region.

Alberta, during that period of time since 1995, increased its hog production by 25 per cent, Saskatchewan by 39 per cent, Manitoba by 108 per cent. We can say that we did increase our hog production significantly, which is true. However, in 1995, sort of the starting gate, Alberta and Manitoba each produced twice as many hogs as Saskatchewan. Seven years later, Alberta still produces twice as many hogs. Manitoba now produces three times as many hogs as Saskatchewan.

At your convenience, the chart is quite interesting in that it shows not only the hog production, but the export of hogs to international destinations, and Alberta and Manitoba have very successfully locked into that opportunity.

These figures tell us that Alberta got their share of the increase. They already had more than their share of production in 1995. Saskatchewan increased its hog numbers but we did not capture our share of the increase. Manitoba latched onto the lion's share of the increase in hog numbers on top of already having hogged

the lion's share in 1995.

The reason I separated hogs from other commodities is because hog production, in my opinion, is a value-added industry in itself. It is not practical to raise weanlings and then export them to another province. As we all know, commercial hog production involves raising and finishing the animals which then are ready for slaughter.

The conclusion we must deduct from these hog numbers is that we were not successful in developing this value-added industry in spite of all the natural resources and economic advantages, whereas our neighbours to the east and to the west succeeded.

You and I, committee members, have to ask the question: why not, why did we not succeed? We're the proud stewards of 62 million acres, 48 per cent of Canada's farm land. Our hard-working, dedicated farmers garner 15 per cent of Canada's farm income. Even though we have 48 per cent of Canada's arable land base, we're home to only 2 per cent of the country's food processing industry.

What is needed to turn a low value raw commodity into a high product, high value product? I suggest to you — and I don't think it's rocket science — capital and people are involved in development. It takes capital and it takes people.

We need investment capital — truckloads of it. And we need people. We need more people — energetic, educated, skilled, motivated people. Saskatchewan's homegrown pool of investment capital, I suggest to you, is practically non-existent. And we have a shrinking workforce.

Is this discouraging? Is this depressing? Well if you want it to be. But I would suggest to you that Saskatchewan is a very large glass, and it's half full. Saskatchewan needs capital and people and the only source that I know of is Canada, the US, and the rest of the world.

We have to recapitalize agriculture and repopulate rural Saskatchewan. My definition of rural Saskatchewan is the area beyond the city limits of Saskatoon and Regina.

Saskatchewan needs capital and people . . . Pardon me.

We are probably — we're most likely — the only jurisdiction that during the period of a century took a large, depopulated land mass the size of many nations, populated every square corner, capitalized and developed an agricultural industry, built an infrastructure for a population two and three times our size, and contributed way beyond our means to two world wars in the first three decades.

During the following three decades we depopulated the province, replaced very little of the investment capital. As a province we are void of investment capital that is so urgently needed to capitalize a value-added agricultural industry as well as other industries.

Capital and people — which comes first? Some of you may take the position or argue that it's a chicken-and-egg thing, a chicken-and-egg issue. I disagree. Investment capital always flows into an area of opportunity very quickly. People follow

the flow of capital because investment capital generates more and new opportunities.

You as policy-makers need to study Western Canada's history — and I hope none of you consider that an insulting comment. I sincerely feel we need to look at our history a little bit. You simply have to do what policy-makers did when this province was formed — welcome and invite people to invest, bring their skills, bring their money.

If policy-makers in 1905 used terms like, for Saskatchewan people only, and implemented policies to reflect such an attitude, labelled non-Saskatchewan people with the term foreigners and enacted policies to accomplish such exclusiveness, most of us would not be here and Saskatchewan would not have prospered for the first 50 years.

Ladies and gentlemen of the committee, Saskatchewan is my home — always has been. Our children, three of them, and five exceptionally intelligent, good-looking grandchildren live here.

I take no pleasure, I take no satisfaction in saying this. We have been successful in people not to invest in Saskatchewan. Our policies say it, our attitudes say it. The perception that we are anti-development is real and I have examples.

Industry in general perceives Saskatchewan as an unfriendly location to invest. Certainly there are exceptions — I will totally agree there are exceptions — but our declining workforce, our declining population, and the lack of development tell the story very clearly. Some of the logic, or lack thereof, of the debate concerning The Farm Land Security Act confirms and reinforces this perception.

You have the opportunity, you have the responsibility to begin the process of removing the barriers that are preventing Saskatchewan to developing its agriculture industry — barriers that negate our natural advantages and prevent people from within and outside of Saskatchewan from prospering and reaching their potential.

You hold the power to position Saskatchewan to play its rightful role in Canada as well as in the global village. You're asked to choose. Do you want Saskatchewan to be an isolated island in a sea of opportunity — in other words a spectator — or a full participant in a global economy?

Thank you for listening to my thoughts and comments.

The Chair: — Thank you, Bob. Committee members, we have approximately 15 minutes for questions.

Ms. Atkinson: — I want to thank you very much for your presentation. It's obvious from your presentation that you want us to amend The Farm Land Security Act. Can you tell us how far you believe we should go?

Mr. Dyck: — I think we need to ask the question, where will we access capital? Canada represents less than 3 per cent of the capitalized world. And I'm not an investment specialist. I'm using terminology that's a little bit layman's language. But the facts are, if we are looking for investment capital, where does one look?

If you're looking for a big bang for your buck in anything, you go to where there's a large pie. And Canada represents less than 3 per cent, okay.

Ms. Atkinson: — So then what you're . . . just so I understand what you're saying, you're saying that we should go to outside of Canada investment, whether that's European, American?

Mr. Dyck: — If we want to develop Saskatchewan, yes. We have such a tremendous need for investment capital. I don't think that . . . I quite question there's anybody capable in Saskatchewan of quantifying that number, because it's that large.

Ms. Atkinson: — Okay, second question. You say you and I must ask the question, why not, in terms of the hog production in the province, which has increased significantly. But obviously you argue that it has not gone far enough. And so, can you answer your own question? What's your view of why this has not succeeded according to your information?

Mr. Dyck: — Well there are many policies and they're not — I'll let you off the hook as government people — they're not all Saskatchewan created. The Crow freight rate hurt Saskatchewan far more than any other province in Western Canada. But the fact still remains, in all livestock production we never succeeded during the last three decades, three and a half decades in attracting investment capital.

Ms. Atkinson: — I understand your . . . I know you would take that position since you're a member . . .

Mr. Dyck: — Maybe I didn't hear your question. I'm sorry.

Ms. Atkinson: — . . . of the Western Canadian Wheat Growers.

But here's my question. You argue on page 6 that there has been a significant increase in hog production in the three Prairie provinces since 1995. You argue that Saskatchewan, based on the numbers that you've put before us, has not been successful in developing this industry whereas our neighbours to the east and the west have succeeded. And then you say, you and I must ask the question: why not?

Well the Crow was gone . . . I mean the Crow's been gone for some time now. So what is the answer to your question? Why do you believe that we were not successful?

Mr. Dyck: — A major missing link there is investment capital. And I know of — again it's anecdotal — but numerous examples of where hog investment money, people that were prepared to invest in the hog industry, wanted to come to Saskatchewan. As early as '80-81, Saskatchewan . . .

Ms. Atkinson: — I'm talking about since 1995.

Mr. Dyck: — Okay. Since 1995 there are groups that wanted to set up shop here as well.

Ms. Atkinson: — And why didn't they?

Mr. Dyck: — In the hog industry one of the great . . . there are many concerns, but one of them is the biosecurity. Why would

you spend \$25 million on a hog operation when somebody can set up next door to you with pot-belly pigs and destroy your hog operation?

You want a very large biosecurity. It used to be they wanted a mile, I believe. I'm not so sure that's sufficient any more. And therefore, a world-class hog operation requires a very significant amount of land. And there's no way an investor will invest — risk — that kind of money not being able to secure this biosecurity. Okay?

Secondly, one of the most valuable by-products of a hog operation as well as a feedlot is the manure. What do you do with that? Sure you can contract with somebody else to take it. The environmental concerns of that are very large.

If you as a hog operator with 25 million invested come to me and say, oh, you can have the manure, well, that's fine. I benefit probably more than you do in that regard. But what happens if there's an environmental problem on my property where you've spread the manure from your operation? Where's the environmental responsibility there?

So investment, investment people are very concerned about security of their investment. And there are enough problems without having an additional problem and that is not being able to purchase sufficient land. Many organizations want security of a feed supply. How can you grow your own feed supply if you're limited to a half section, for example?

Mr. Forbes: — Thank you, Bob. Very interesting presentation. I'd love to ask you many questions about this. But I just have two.

One is, do you have any sense of people's tolerance in terms of who might invest in Saskatchewan and the size of the investment? I mean would there be any concern if any, any company were to come into Saskatchewan and invest billions of dollars? Do you have any sense of what is the upper limit of tolerance in terms of outside investment?

Mr. Dyck: — Tolerance by whom?

Mr. Forbes: — People in Saskatchewan in terms of quality of life, where they feel, this is not the province I know any more.

Mr. Dyck: — Okay. Well if you're dealing with quality of life, that's a very difficult one to define. But we have a very low tolerance because we have been taught for 30, 35 years, it's a bad idea for outside investment. Southern Ontario . . .

Mr. Forbes: — But in terms of tolerance and quality of life though, that's not a bad idea though, is it?

Mr. Dyck: — That's true. But what is the quality of life of sending my kids to Alberta?

Mr. Forbes: — That's a good question.

Now the second point is, I'm curious, you talk about hogs and cattle and grains and stuff. What about organic farming? That's one of the areas that's growing fastest in Saskatchewan. Have you thought about that in terms of how that might play a role in

revitalizing Saskatchewan, rural Saskatchewan?

Mr. Dyck: — Well I think organic farming has a role, has an important role. But with 62 million acres of cultivated land, I can't visualize it playing a significant role in terms of that acreage.

The world is having difficulty paying for our low value commodities right now. Organic farmer . . . farming, you can't do it more economically. You can do it more desirable from an organic point of view — lack of pesticides and herbicides and so on. But in terms of economics, at the end of the day you need a willing buyer for your product, and we don't have willing buyers for our products right now above a very low price.

The Chair: — Donna, five minutes.

Ms. Harpauer: — Just a quick question to follow up on the direction that Pat was going in on hog barns. Where I live, I have a lot of hog barns in my area, so I'm talking to a lot of the people that have invested in the industry. And in particular, talking to Florian Possberg in Big Sky, attracting investment capital has been a huge deterrent for him, and as a result he's . . . we have our government with an equity position in Big Sky Pork Farms.

When Manitoba did the expansion, well quite considerably more than we have here, are you aware, did the government need to throw the money in or were they able to attract private investment dollars?

Mr. Dyck: — I could not give you a good answer on that one. I can give you an assumption.

Ms. Harpauer: — Okay.

Mr. Dyck: — The same money that built the Alberta feedlot industry risked capital and unfortunately, in the case of Alberta, some of the largest organizations were spearheaded by Saskatchewan people — Lakeside Feeders in Brooks.

Could I make another comment — and I'm avoiding your question because I don't have the perfect answer — but we view feedlot alley in Alberta as being a made-in-Alberta project. If it hadn't been for Dutch investment in feedlot alley, it would be a small fraction of what it is now. They just . . . the Dutch people came over there and really made it work.

But it started with investment. It didn't start with a bunch of farmers from Holland moving over there. That's not the starting point.

Ms. Harpauer: — Thanks.

Mr. Bjornerud: — I just wanted your comment maybe, Bob. There was a lot of concern been brought up through these presentations about land prices will rise and that's supposedly a negative for the province.

My opinion, that's a win-win. We are . . . our average age of our farmers, 58. So that tells us we have many retiring farmers out there or should be retiring. And at present, I don't feel they can get fair market value for their land, and they can't because

we have restrictions. If you open it up, then they can get fair market value. That's one concern.

The other one is about the young farmers, if land prices go up won't be able to afford the land. Well I don't think that . . . I don't really believe that. And I believe also young farmers don't absolutely have to own all the land they farm. I think if someone outside owns it, the land will not be idle. They may lease it back to the young farmer.

I just wondered what your comment would be on the land prices going up as a negative or a positive or either.

Mr. Dyck: — Well land prices are a reflection of economic activity and that is a commodity that, as far as I'm concerned, you start legislating the perfect land price and you've got one huge problem.

So I don't think it matters where land prices go. That's not the issue. Land prices reflect value. Why would we want to control the price of land downtown Regina? Well I suggest why would we want to control the land price at Yorkton, Saskatchewan?

I'm not . . . I haven't got a very good memory. Your second comment was young farmers? The problem in Saskatchewan hasn't been young farmers going farming. In fact if I looked back in the '70s and '80s, probably the problem was too many young farmers went farming with no opportunity. They had the land base, but we didn't have the rest to go with it. And unless you have the whole package, again, you're sort of in this island with low valued products, low valued commodities, nothing to do with them.

Mr. Bjornerud: — Thanks.

The Chair: — We have about two minutes left. Pat, a pithy question and a pithy answer.

Ms. Atkinson: — Yes, just . . . no, just a comment about the livestock industry in Alberta. Peter Lougheed had very deliberate public policy and investment in livestock in the beef industry in the 1970s and it was totally government driven.

Mr. Dyck: — Mainly to offset the Crow rate.

Ms. Atkinson: — But totally government driven.

Mr. Dyck: — That's correct.

Ms. Atkinson: — Thank you.

Mr. Dyck: — But he offset the Crow rate.

Ms. Atkinson: — My point is, my point is that government as a matter of public policy does intervene on many occasions in order to move certain industries along. And in Alberta, they decided to buy the beef industry and to get it into Alberta in the '70s.

Mr. Dyck: — They saw the opportunity. They saw the harm . . .

Ms. Atkinson: — And they went for it.

Mr. Dyck: — . . . that the Crow freight rate was doing. And we hung on to the Crow freight rate as though it was our lifeline.

The Chair: — Thank you very much for your presentation. The time has concluded itself. Bob, I just want to thank you on behalf of the committee for your very informative presentation. Thank you very much.

Mr. Dyck: — Thank you for the opportunity.

The Chair: — The next presenters before the committee will be the Saskatchewan Real Estate Association — Bill and Dale.

Gentlemen, thank you very much for appearing before the committee. What we will do here is I'll have the committee introduce . . . the members introduce themselves, and then we'll ask you to introduce yourself and anybody who may be with you. And then we'll have your presentation.

My name is Ron Harper. I'm the MLA for Regina Northeast, and Chair of the Standing Committee on Agriculture. And we will start with Peter.

Mr. Prebble: — Good morning. My name's Peter Prebble, and I'm the member of the legislature for Saskatoon Greystone. Welcome.

Mr. Forbes: — Good morning. David Forbes from Saskatoon Idylwyld.

Ms. Jones: — Welcome. Carolyn Jones, Saskatoon Meewasin.

Ms. Atkinson: — Pat Atkinson, Saskatoon Nutana.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Mr. Kaczowski: — Viktor Kaczowski, Clerk to the committee.

Mr. Bjornerud: — Bob Bjornerud, MLA, Saltcoats.

Mr. Elhard: — Good morning. I'm Wayne Elhard, MLA, Cypress Hills.

The Chair: — And Donna Harpauer, who is Vice-Chair of the committee, had to take a emergency leave of absence, but she'll be back shortly.

Gentlemen, if you'll introduce yourselves and give us your presentation.

Mr. Ripplinger: — My name is Dale Ripplinger, and I'm the Chair of the Saskatchewan Real Estate Association's government affairs committee.

Mr. Madder: — My name is Bill Madder. I'm executive vice-president of the Saskatchewan Real Estate Association. We are based in Saskatoon so I see I picked the right side of the table to sit on here.

Mr. Ripplinger: — Mr. Chairman, committee members, on behalf of the Saskatchewan Real Estate Association I'd like to thank the committee for the opportunity to make this

submission to you today.

The Saskatchewan Real Estate Association is a voluntary non-profit organization serving, representing, and providing direction and leadership to its members and to organized real estate. SREA is one of the largest single-industry trade organizations in Saskatchewan, representing the interests of over 1,100 licensed realtors.

Many of our members are involved in the sale of agricultural property, and the issue we are here to discuss today is of great interest to them and more importantly, to their clients. However we do feel that we speak for our entire membership in suggesting it is time for a change to Saskatchewan's farm ownership legislation.

We also feel that while some may disagree, the economic interests of the agricultural industry and the overall economy of the province will be well served by the changes we are proposing.

The current Saskatchewan Farm Security Act has been in place in some form since 1974. And while the intentions of the legislation to encourage and support young farmers and to ensure the stability of our agricultural sector were then and continue to be honourable, we question whether restricting property ownership is an appropriate means to achieve those goals. In fact it is fair to question whether or not they have in fact been achieved.

It is our position that the resulting negative impact on land values has offset any benefits that may have accrued, and the legislation may in fact be hurting those it was intended to help.

The current legislation puts Saskatchewan at a competitive disadvantage when compared to both of our neighbouring provinces. As I'm sure you are aware, neither Alberta nor Manitoba place any restrictions on the amount of farm land that can be owned by Canadians and both provinces allow larger holdings by non-Canadians.

It is our opinion that Saskatchewan cannot afford to continue placing itself at this type of disadvantage, and recommend that the Act be amended to eliminate the restriction on ownership by Canadian citizens entirely and to raise the limit on allowable holdings by non-Canadians to 160 acres.

Eliminating the restriction on Canadian ownership would create a level playing field across the Prairies for Canadian investment dollars and a 160-acre limitation on holdings by foreign ownership would signal that this province wants to be at the head of the pack in attracting investors. In fact we see it as a competitive advantage for Saskatchewan to move that much further than Manitoba and Alberta.

At the same time we would still retain the principle of a limit and thus not surrender the option of adjusting the limit at a later date. We do recognize some danger in not restricting ownership by non-Canadians, and we think 160 acres strikes a balance between providing the opportunity for non-Canadian ownership to invest in operations the size that are economically viable while still retaining some limitation.

Clearly farm values in Saskatchewan have been affected. In the most recent national study by Farm Credit Canada, Saskatchewan was the only province to see a decline in farm land values. In fact Saskatchewan's values have dropped in each of the semi-annual reports since July of 1999. While drought conditions, dropping commodity prices, and many other factors contributed to the decline — and while it can be argued that they affect Saskatchewan to a greater degree — these factors were not unique to our province.

It is a commonly accepted principle that fewer potential buyers for any property results in fewer and ultimately lower priced offers. By restricting the number of potential buyers for farm property, The Saskatchewan Farm Security Act has had a negative impact on land values, and it is our position that declining land values are not good for Saskatchewan farmers and not good for Saskatchewan.

While some would argue that keeping land values low can be a benefit, in our opinion this is a narrow view and difficult to substantiate. Declining land values have a number of detrimental effects, including farmers wishing to retire or downsize are facing reduced selling prices, and in some cases may be unwilling or unable to sell.

While some retiring farmers do in fact take their money to other provinces, the vast majority remain in Saskatchewan. In many rural communities, retired farmers have a major impact on the local economies by buying homes, etc., and when they either have less to spend or they are not able to retire at all, those economies suffer.

Anecdotally here, I have an uncle who farms out in Montmartre, Saskatchewan. He's getting up, early 60s now. He wants to retire, but he's not going to simply because he can't get enough money for his land.

You know, this is a guy who's . . . I mean, he's farming my grandpa's land; he's lived there all his life; he's raised his family there. He's been a wheat pool delegate; he's on the board of directors of the credit union. He's staying in Montmartre. He's not going anywhere. You know, he thinks any town bigger than Indian Head is inherently evil. So, I mean, his home is Montmartre. That's where he's staying.

He wants to sell his land but he's not willing to sell his land for the kind of money that he's able to get today. So that one instance where there may be an opportunity for somebody to step up, a young farmer to step up and buy his land, it's not coming on the market simply because Uncle Leo's not selling until prices go up. And as long as we have restrictions on who can buy that land, it's questionable whether the land prices will ever go up and whether or not he ever will be able to get what he considers a fair price for his land when he sells it.

Just down the road in the next town of Kendal, I have a cousin — if we want to refer to the young farmers — who is a young farmer. And to supplement his farm income he's been doing custom combining. He'd like to expand his custom combining operation. And, I mean, he takes young guys from around the area, they go down through the States, they . . . he's creating employment for, you know, some of the young fellows around the area. And he's doing quite well. His problem is he can't

expand his operation because he needs more capital. He can't get the equity out of his land because he doesn't have any equity in his land because his land value is dropping.

So you've got a young guy who's hamstrung. His hands are tied in expanding a Saskatchewan-based business that's going outside of the province to create some wealth for this province. He just can't access the capital in his land. He'd sell — he too would sell — if there were a willing buyer and he could sell for enough to generate the necessary capital to expand his custom combining operation.

But again it's our opinion that the results of the farm security Act have put downward pressure on land values and the result is retiring farmers not being able or willing to sell, and young farmers not given the opportunity to access the equity that's in their land to expand their operations.

Existing farmers wishing to expand or diversify are faced with declining equity and have limited options to finance new opportunities as they arise. Young farmers must also realize that they will be retiring some day and land values that are kept artificially low will not benefit them now or in the future.

And again with young guys coming into the business, I think we all recognize how difficult it is to finance the purchase of farm land. And we see that . . . part of the reason for that of course is that farm land in Saskatchewan is not an appreciating asset.

You go to the Royal Bank and try to get a loan on a piece of farm land. They would sooner lend an apartment building in Regina than they would on a piece of farm land in Kindersley simply because they look at it dollars and cents. And if it's a depreciating asset. It's just not something that lenders are enthusiastic about lending. So again we see the lowering of farm land prices as being detrimental in fact to accessing financing for young farmers to get started in the business.

Thirdly, potential immigrants are less likely to locate here when faced with declining values. Immigrants moving to Canada to farm consider a number of factors when deciding where to locate, but property values are very important. It should also be noted that potential appreciation is more important than price. Most are prepared to pay a higher price initially if they can see that that price is likely to appreciate over time.

Again there is some who believe that keeping prices lower in Saskatchewan is going to make it more attractive for investors. Our opinion is that the opposite is in fact true.

If you use a residential real estate model, using the thinking that low prices is going to attract investment, the most popular place to buy houses would be the inner city of Regina. That's not the truth. That's not the case. The reality is people will not buy where values are depreciating, they will buy where values are appreciating. So when I'm selling a house it's more likely that my buyer is going to be attracted to Whitmore Park than they are to the inner city, to Washington Park, even though they can buy three times . . . or pay a third less for the house in the inner city.

That's not the issue. The issue is where is the value going to

hold . . . where is the property going to hold its value and hopefully appreciate. And we have a similar situation with farm land in Saskatchewan where there is some apprehension in purchasing here because the prices are going down. Why take the risk?

While no legislative changes can guarantee a turnaround in values, removing some of the current ownership restrictions will at least allow the market to react more naturally. We do not share the view that reducing restrictions will open the floodgates to speculators and absentee landlords.

Manitoba, which has no restrictions on Canadian ownership, has seen no such trend and in fact an article on their government Web site states that the vast majority of farm land is still owned by family farms.

It is questionable that we should be suspicious of outside investment. In most industries we devote considerable effort to soliciting investors rather than imposing low limits. The need for new dollars in agriculture is great.

The loss of our Crow rate in the last decade has led to much higher cost for shipping and our raw grain . . . shipping our raw grain products and also led to the consolidation of elevator delivery points which also added to trucking costs. As a result of this sea change in the structure of farm costs, Saskatchewan faces large-scale reorienting of our production to add more value and create more jobs and economic activity in our province.

We have to produce more per acre, which means we have to become more intensive. That means we need to mobilize capital and seek additional inflow of capital. Reducing the current restrictions on farm landownership will help create a more positive environment for all concerned and will help reverse the downward trend in farm values.

Other factors which must be considered when reviewing this legislation is the perception it fosters that Saskatchewan is not receptive to outside capital investment. It is quite likely that when some potential resident owners, whether they be immigrants from other countries or possibly other Canadians looking to relocate, find out the restrictive nature of our farm landownership legislation, they simply eliminate our province from their list of prospective locations.

In addition to this we must consider that all investors are potential residents. If Saskatchewan were to allow more outside investment and at the same time work hard to create a more favourable business and tax environment, it is quite possible that we would see non-resident investors become residents.

One of the common arguments against changing the legislation has been that there already exists a method to apply for an exemption, and that very few applications are refused. I understand you have already had presentations from some individuals who feel they have been unfairly denied an exemption and there are undoubtedly others.

We must also realize that there is no way of knowing how many potential owners simply choose to take their investment elsewhere.

In closing I would like to stress that the Saskatchewan Real Estate Association strongly supports the farmers of this province and understands the important role of agriculture in our society. However it is our position that the existing farm landownership legislation is not in the best interests of current and future farmers and hope you will consider the changes we have proposed.

Thank you very much again for the opportunity to make this presentation, and we'd be happy to answer any questions you might have.

The Chair: — Thank you very much. Committee members, we have approximately 15 minutes for questions.

Ms. Atkinson: — Thank you very much for your presentation. You said that Saskatchewan's the only place where the price of farm land has declined since 1999, and it's declined marginally. I do note, however, that Quebec and Prince Edward Island both have restrictions on outside ownership, out-of-province ownership, and yet their farm land prices have not declined.

I also note that in Alberta and Manitoba, that if you look at the type of farms that they have, both of those jurisdictions, they have I think it's 44 per cent of their farms are cattle ranches, and in Manitoba, 35.3 per cent. Whereas it's the flip for us; we're grains and oilseeds.

So I guess I ask this question. In real estate if you can't make money in a particular business — and it doesn't matter how good you are but there just isn't a market; you're dealing with international subsidies whether it's American or European — would that have an impact on the price of farm land if you are in the grain industry in particular?

Mr. Ripplinger: — Of course. I mean we can't say that farm land values are only lower in Saskatchewan or have declined in Saskatchewan because of the farm security Act. I mean we can't say that.

But we can also, we can also look at, you know . . . Part of your question about the difference in growing wheat and intensive livestock operations in other provinces maybe does point to the fact that the farm security Act has limited capital investment and more intensive agriculture in Saskatchewan. I mean I don't know but it's a possibility.

I mean why are the other two . . . why the percentage difference in Alberta and Manitoba livestock versus grain to Saskatchewan? You know, my response would be that possibly the land security Act has had . . . or the farm security Act has had an impact on the type of operations we do have here.

Ms. Atkinson: — Thank you.

Mr. Elhard: — Thank you for your presentation. I want to refer you to an item on page 4 of your document where you talk about potential immigrants being less likely to locate here when faced with declining values. I heard recently that of all the immigrants that come to this country to farm, only 3 per cent of them come to Saskatchewan.

Now that seems rather odd in view of the fact that we have the

largest opportunity in terms of sheer size, that only 3 per cent would come to Saskatchewan. In your experience as realtors who I'm sure would deal with some of those immigrants before they actually arrive here, is there anything you can pinpoint? And does this particular legislation mitigate against immigrants coming here, in your estimation?

Mr. Ripplinger: — I don't have any personal experience that I could actually say one way or the other that, you know, I've had any direct contact with an immigrant who's looking to invest in farm land in Saskatchewan.

Our members tell us through our government affairs committee — we have representation from all across the province and we did seek input in putting this presentation together — and our members are telling us that the farm security Act is a deterrent to people investing . . . immigrant investment in Saskatchewan — and largely because of the perception that it's not a friendly place to necessarily invest in farm land and because the restrictions may result in them not buying an asset that's appreciating as much as it may appreciate in other provinces. And again using the example of buying an inner city house, it's cheaper and the opportunity is here, you know, and why aren't we attracting them?

Again I don't know that you can point specifically just to the farm security Act and say that's the reason, but we do hear from our members who are selling agricultural land that there is a perception that Saskatchewan is just not as good an investment as Alberta or Manitoba.

Mr. Elhard: — It might be dangerous to draw, you know, any conclusions. But it would seem to me, just looking at it from a practical point of view, if we have the largest land mass available for farming in the entire country and we have tremendous potential and opportunity to be realized here, that people who are prepared to commit their money and their resources and their effort to making a significant farming investment, why they wouldn't look here. Why would only 3 per cent of those people look to Saskatchewan?

Now that suggests only two things to me, frankly. And there might be a myriad of other possibilities. But the two most likely in my estimation would be that either we're doing a very poor job of selling this province to those people — we've failed to make Saskatchewan attractive to them in our salesmanship efforts — or they see too many encumbrances to even bother looking at this province.

And I think that, you know, we have talked about or heard about the perception element. And I'm beginning to believe that perception is bigger than reality and maybe it's something we're going to have to look at very carefully.

Mr. Ripplinger: — Just, I guess, just to draw a bit of an example to follow up on what you're saying, Wayne. If I were an investor — and again, relating it to residential real estate — if I were an investor, and in Regina I was only allowed to sell my house to residents of Regina, in Saskatoon I could sell it to anybody, and I have money to buy as an investor and I'm going to buy an apartment building in Regina or I'm going to buy one in Saskatoon, Saskatoon's more expensive than Regina, but if I can see down the road that someday I can sell that asset,

whereas in Regina I'm restricted, I'm not even going to look at Regina. I'm over here. And I think that's — I honestly believe, and our members are telling us — that that is happening in Saskatchewan.

They do have initial contact with investors sometimes who just don't look any further than finding out that they have some restrictions on farm land ownership. And that's as far as it goes. They . . . that's the end of the discussion.

Mr. Madder: — Can I just finish up on that point? And I think we want to add that I think Pat made some excellent points about the type of farming that Saskatchewan's involved in. And that's part of the reason that some of the immigrants aren't coming here, because it's tougher to make a buck.

We're not here to say that the only reason that's happening is because of this legislation. That's not it at all. We're saying it's one of the reasons and it's one that we can deal with. And that's really the reason for our suggestions.

Ms. Jones: — Thank you, Mr. Chairman. And thank you for your presentation. A number of the points that I was curious about have been raised. And I think that commodity prices would certainly have a lot to do with why our prices are depressed. I mean if you can't make a living at it, why buy . . . why go into it?

But I'm curious. One of the things we're faced with as a committee, of course, is opposing points of view. And our last presenter was quite adamant that the Crow rate had a stranglehold on Saskatchewan and was actually a negative thing. And I note in your presentation that you say that it has really . . . the loss of the Crow rate has had a detrimental effect.

I'm wondering though in your . . . you must have a sister organization in Manitoba and perhaps in Alberta. And all of your discussion in your presentation about land prices is pretty iffy. You know, it doesn't really say it will improve them; it may help to improve them. What is the experience of any sister organization that the Real Estate Association has in other provinces that points to the fact that it has improved land prices and what size parcels of land, if you have that type of information? Are we talking about 160 acres that it's improved the prices there, or are we talking about 10 or 16 sections or quarters or, you know, large tracts of land? How does that compare?

Mr. Madder: — Well if I can start, I think first of all it will be very difficult to make a comparison, certainly with the Canadian investment side, because both Manitoba and Alberta have not had and do not have restrictions on the amount other Canadians can own. So I mean, I don't know how . . . or where you would start the comparison. That's the difficult thing.

We do have, again, the Farm Credit Canada statistics show — actually back to a point that Pat made earlier — that the Saskatchewan decline in the most recent report was minimal and . . . but unfortunately it's been declining for . . . since 1999 and some of them have been much more than minimal and has continued it. Saskatchewan's the only province that has decreased in each report since 1999 and I think that in itself speaks for part of.

Very difficult to compare specific properties. We don't maintain records of individual sales. It's very difficult to do, you know, by size and whatnot and we would be . . . in most cases we're dealing with anecdotal and discussions that our members bring to us about well, you know, this is what's happening in our marketplace.

But certainly, the national statistics show that there has been a decline in Saskatchewan for many years, each year for many years. And Manitoba did drop slightly in the report last January, but Alberta hasn't seen a decline for many years in overall values.

And quite frankly, I'll say we don't have comparisons of 160-acre, 320 or larger parcels to tell you that, and I don't know that any other province maintains those statistics either.

But we're looking at an overall trend and, as I said before, we're not suggesting that this is the only reason it's happening. There are many other reasons. But we're just concerned that it is one of the reasons and it should be . . . at least there is something that can be done about it at this point. And as the presentation states, there is no way to guarantee that it will turn around. I mean, nobody can guarantee, just like any other real estate or virtually any other property, that you just can't guarantee the market. It is what it is for very many reasons.

But unfortunately, we have seen our market affected by legislation, we feel, and would like to see some changes.

I do have . . . actually the majority of my experience in real estate has been in Manitoba and I was involved in a firm that did a large number of European farm immigrant sales. In fact, one of my partners in the firm annually did seminars in the UK (United Kingdom) and located a number of immigrant farmers into Manitoba and was very successful at it. Now I haven't had a chance to compare his experience with European immigrants to what's happened here in Saskatchewan. But I do know that they certainly aren't avoiding Manitoba. And again, I wish, Wayne, if you have the numbers of immigrants that settle in Manitoba, I'd like to know that as well.

But I think it's something that, as Dale has mentioned, a number of people are concerned with regulatory environments when they're coming from Europe and, quite frankly, are probably just giving us a pass because of our . . . at least partially because of that. And I don't think we can afford that any more.

The Chair: — I'd just like to remind committee members that there's two minutes left.

Ms. Jones: — Okay. This should be fast.

The Chair: — And this is the order of the day. David.

Mr. Forbes: — Oh, I'll just really quickly . . .

Ms. Jones: — I did have one little question about adjusting the limit. Are you suggesting that if we change the limit now we could change it back later? Or are you suggesting it could be further expanded later?

Mr. Ripplinger: — Yes. We're suggesting that it can go in either direction depending on what's good for the province. I mean we don't have to be tied to any . . . 160 is what we considered reasonable at this point. Whether or not that proves to be correct, you know, remains to be seen. But there's no reason we can't move in either direction depending on what our experience is after the change is made.

Ms. Jones: — Our time is short but — and I don't want to take up any more of it — but our understanding is if you expand it, if you open it up, you can't ever go back because of the Free Trade Agreement.

Mr. Ripplinger: — Well I'm not sure. I'm not sure that that's correct. I've heard that, but there's some discussion whether or not that in fact is the case. And we don't . . . We're not familiar enough with the North American Free Trade Agreement to know for sure that that's the case. So I can't really comment on that.

Just one quick . . . (inaudible interjection) . . . Well I'm . . . I won't disagree with you.

One quick comment on the commodity prices, Carolyn, that you mentioned. The commodity prices are the same in Alberta and Manitoba.

And if you want a more definite . . . If you want us to be more definite in our presentation, if you think this is wishy-washy in terms of prices in Saskatchewan being affected, I will go out on a limb and I will say, yes they are. And I will categorically say that this legislation is detrimental to farm land prices in Saskatchewan and we tried, I think, maybe to be a little bit more . . . less definitive about that than you'd like us to be.

I'll tell you right now, farm security Act in Saskatchewan is having an effect on prices. It is having an effect on people moving to this province and investing in this province.

The Chair: — Thank you, gentlemen, for your very fine presentation. On behalf of the committee I want to thank you for your very informative presentation. Thank you.

The next group for . . . to present to the committee is the Pro West Rally Group. I am going to suggest, though, that the committee will take a 10-minute recess to allow for us aged people to relieve our bladders, etc., etc.

So with that, the committee will reconvene at 5 minutes to 10 sharp.

A Member: — I believe it's 5 to 11.

The Chair: — Pardon me — 5 to 11. Pardon me — 5 to 11. It's been a long morning.

Ladies and gentlemen of the committee, we'll reconvene after our brief recess. The next presenters before us is the Pro West Rally Group. And as soon as the members of the group can get themselves set up, we'll be entertaining their presentation.

And it's been an interesting morning so far. Excellent. Before us is the representative from the western . . . Pro West Rally

Group. What we will do is we will introduce the . . . ask the committee members to introduce themselves. And then, Bruce, I'll ask you to introduce yourself, as well as anybody that's with you, and then we'll have your presentation.

My name is Ron Harper. I'm the MLA for Regina Northeast and the Chair of the committee.

Mr. Elhard: — Good morning, Bruce. I'm Wayne Elhard, MLA Cypress Hills.

Mr. Bjornerud: — Good morning. Bob Bjornerud, MLA Saltcoats.

Ms. Harpauer: — Good morning. Donna Harpauer, MLA Watrous.

Mr. Kaczowski: — Viktor Kaczowski, Clerk to the committee.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Ms. Atkinson: — Pat Atkinson, MLA Saskatoon Nutana.

Ms. Jones: — Carolyn Jones, MLA Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Mr. Prebble: — Peter Prebble, I'm the member for Saskatoon Greystone. Welcome.

Mr. Osiowy: — My name is Bruce Osiowy. I'm the president of the Pro West Rally Group, and I'd like to express my appreciation to the committee for the opportunity to make this presentation.

And I'd also like to direct your attention to the last page of our presentation and apologize for the terrible shape of that copy. We had this faxed to us from a director that farms both sides of the border — the forty-ninth parallel — like the United States/Canadian border. And somehow, no matter how many times we tried, we just couldn't get a good looking fax to come through. So it still is an article that was published in Livingston, Montana, as you can see, and it might be of some interest to you. So I apologize for that.

Shortly after being asked to make this presentation, Pro West had a directors' meeting by telephone conference. And to be quite honest with you, I was somewhat amazed at the outcome. Views on whether to open the province up to non-provincial land ownership brings on quite mixed feelings, I was to learn.

The general consensus after much discussion was that it should be opened up with certain restrictions. One concern was that if it were open to Canadian ownership, would that stand up to current trade rules?

Now I understand that that also was put forward by a presenter here earlier. But this just came out of conversation between our directors and myself during this telephone conference. And that I think is a good question. That is to say, could a court challenge be undertaken to rule that Canadian ownership only was in contention with some trade rule?

Another concern was that by opening it up one would make it very difficult for some provincial producers to increase their acreage base, especially considering these producers have endured very difficult times in agriculture especially during the last decade. It seems almost unfair to expose them to the kind of price increases in land that may well follow — and I would accent, may.

For the producer who is looking for a way to exit the industry, this could be a very positive development — yet in the second year of a possible drought, maybe not so positive. We've enclosed a copy of an article from a newspaper in Livingston, Montana that sheds some light on what is happening in that state. Obviously much land in Montana is no longer in the hands of primary producers.

In the year 2001 in Manitoba, nine people purchased land who were from the United States of America. The total amount purchased was 2,475 acres. Four applied to purchase a total of 950 acres; they were denied the right to purchase that land. Ten people from Europe purchased 3,611 acres. One was denied the right to purchase 1,677 acres. And the only reason I throw that in is because that was some information that we got from the Manitoba Department of Agriculture. Our Manitoba director got that from the Manitoba Department of Agriculture.

I personally lived in Alberta, and as far as I could find there are no restrictions for the purchase of Alberta farm land by Canadians. Having lived in Alberta for over 20 years, I know the province quite well. And yes, many things about Alberta policy are different than in Saskatchewan.

However I find in talking with some employees of the department of Agriculture that they do have their controls in development at the county and municipal district level. Then if any development is opposed by a number of people that live in that county or municipal district, the development can be appealed to other levels.

The discussion has been entertained in Alberta to put a cap on ownership of farm land at 15 per cent of a county. So far this is just at the discussion stages. The boom/bust cycle in Alberta creates many casualties, however many here in Saskatchewan look to Alberta as being a shining example. From my point of view, much in Saskatchewan is superior as compared to Alberta, and remember, I spent almost half my life in Alberta and returned home.

I was recently told that my case was rare. But I don't think it's so rare. I know of two similar examples in our area of the province, very close to where I live, of people that came back to Saskatchewan to take over agricultural operations after living in other provinces for an extended period of time.

The big reason that there aren't many more examples of people returning in the agricultural area is that the net profit in primary agriculture is exceedingly low. I don't see how opening up land ownership without restriction will necessarily change that.

The recent census shows that even though land in Alberta is available for purchase by Canadian . . . by any Canadian, the province still has an almost equal farm failure rate as Saskatchewan. The availability of off-farm jobs is greater, but

the failure rate is as high as ours. Possibly the reason for this is due to their land values being higher even though their general costs are somewhat lower.

On the contrary, the price of land in Manitoba is lower and so is their farm failure rate.

Pro West directors . . . Pro West has directors who farm in Manitoba, Alberta, and Saskatchewan. Surprisingly to me, and it was very surprising to me, our Alberta and Manitoba directors put forth the strongest arguments for keeping the ownership laws in Saskatchewan as they are.

Our director who farms both sides of the forty-ninth parallel, in Saskatchewan and Montana, was a great advocator of some restrictions even though he would love to sell his Saskatchewan land holdings. The restrictions that he advocates came from his observation of the US experience in Montana. Some of these observations are laid out in the aforementioned newspaper article.

In North Dakota there are certain restrictions on agricultural land ownership, but I really didn't have the time to really get into what those restrictions were.

We would caution those who believe, because Saskatchewan has different laws than other jurisdictions, that the Saskatchewan position is completely wrong any more than the positions of other jurisdictions are completely right.

It would be a sad situation indeed to have a major portion of Saskatchewan farm land owned by people or corporations who live elsewhere and only act as absentee landlords.

At today's prices the net return on investment of an absentee landlord would be almost double of the net return on investment of an average Saskatchewan agricultural producer.

We ended up by saying the ownership of farm land by out-of-province residents should have some restrictions. And here are some possibilities, because restrictions are difficult: any person who owns more than 320 acres of farm land should derive 50 per cent of their income from primary agriculture — crops or livestock.

Another possibility: any person who owns more than 320 acres of farm land must spend at least six months per year residing in Saskatchewan.

Another possibility: raising the 320-acre ceiling to a higher level.

Hold a plebiscite on the issue that would be voted on by rural Saskatchewan people and/or rural Saskatchewan landowners. Land could be changed to a commercial zoning for certain developments that require larger parcels of land, because in my discussions I always said that there are certain people that would like to have some developments — not necessarily purely agriculture — but they need more than this 320 acres. And possibly some of that land could be rezoned for those purposes.

It seems that Saskatchewan swings. And I've noticed that. And

I think I'm very . . . I can make this observation maybe better than most, because I've lived half of my life in both provinces. And Saskatchewan swings from mixed farms to very few mixed farms, from left-leaning politics to right-leaning politics, and from a closed agricultural land policy to God knows what.

When I moved here — and this is not part of this presentation — but when I came back here, I remember talking to several of my neighbours, and we farm in one of the better areas of Saskatchewan, and our plan was to move 50 cows from Alberta back to Saskatchewan in addition to our grain operation that we were starting up here on the family farm. And many of my neighbours said to me, it took us 50 years to get rid of those damn fence lines; we don't want them back.

Well that was never the attitude in Alberta. And if you don't believe that, you don't have to ask anyone. Just go driving through several Alberta counties and find out how many fencelines are still there. Because mixed farms for some reason just didn't dissipate at the rate that they did here in Saskatchewan.

Generally, good business is to buy low and to sell high. That certainly would not be the case here. The development of the value-added sector should not be dependent on how our land ownership laws operate — that agricultural land — especially if a rezoning policy was put into place. Japan has very little land, and yet as one of the world's shining examples to . . . adding value to all sorts of commodities.

I personally wish there had been more time to research the different practices as they relate to land ownership in several different countries and jurisdictions. I would encourage the committee to do this research before they make a final recommendation. The decision about to be made is huge and will have long-lasting implications.

In closing I would like to say that our land is our greatest asset and it would be a sad case indeed if in years to come we look back at the reforms made today with regret. I would like to thank the committee for the opportunity to make this presentation and will try to answer any questions. Thank you.

The Chair: — Thank you, Bruce. I'd like to remind the committee members that we have approximately 15 minutes for questions and answers.

Mr. Bjornerud: — Just one question, Bruce. I noticed in part of your presentation here you said, at today's prices the net rate of return of the absentee landlord would be almost double of the net of the average Saskatchewan agricultural producer. Can you elaborate a little bit on that.

Mr. Osiowy: — Sure I can. Because of the lack of time to put this presentation together and the very difficult time at which we have to put it together — being seeding — I had to use chiefly an example of our own area, our own respective area of the province. And \$25 to \$30 per acre cash rent is still not unusual in our area.

Average land is selling between 35 and \$50,000 per quarter. Let's round it at \$40,000, and \$25 an acre is \$4,000 a year in rent which is a 10 per cent ROI (return on investment) versus

roughly 2 per cent for property taxes is an 8 per cent ROI. The average producer in this province was under 4 per cent return on investment in the year 2000. So that's where that came from.

The Chair: — Any other members? Any other questions?

Ms. Atkinson: — Your member that farms both sides of the border, Manitoba . . . or on Montana, or Montana/Saskatchewan, is he a Saskatchewan resident?

Mr. Osiowy: — I believe he kind of has dual residency. I understand the situation with Lee was that his father owned the farm around the Bengough area. I believe he was raised chiefly in the United States and he married an American gal, so that's kind of how that came about.

Ms. Atkinson: — So he goes back and forth?

Mr. Osiowy: — Exactly.

Ms. Atkinson: — When you say raising the 320-acre ceiling to a higher level, do you have any higher level in mind?

Mr. Osiowy: — Do you know, strange as it may seem, in my discussions with this person who is a director with the department of Agriculture in the province of Alberta, that was his suggestion — to raise the ceiling. And I asked him exactly the same thing and he said, well maybe to four or five times that. But that was his suggestion and I got that late yesterday afternoon so I just kind of put it in there as a possible alternative.

Mr. Forbes: — Thanks. Thanks for those very interesting presentations. I'm curious if you would talk a little bit about the Alberta experience, especially at the controls, where you talk about the county and municipal district level. Was that satisfactory in Alberta, or what do people think about that in Alberta? Do they find it inconsistent across the province or . . .

Mr. Osiowy: — Well I think, you know, when we look at . . . Let me just throw something in about Alberta. I mean, so much of the Alberta land value is driven by that 2 million people that live in that 200-mile stretch between Edmonton and Calgary.

Right now I was speaking to a producer in the Peace region. No, as a matter of fact it was a producer that I did some custom seeding for close to the Qu'Appelle Valley here, just out of Indian Head. And she too had spent over 20 years with her husband, as she called it, trailing the Alberta boom. And they came back to this province four years ago to take over their family farm — his family farm, specifically his father's family farm.

And she told me that they had made inquiries recently in the Peace River area of Alberta where I lived for about five years. And anything within 60 miles, a home quarter, 160 acres, within 60 miles of Grande Prairie — which is a relatively small city; it's only 35,000 people, but a very busy city, pulp and paper, lumber, agriculture, you know, oil, very diversified city — anything within 60 miles of that city with any kind of a home on it was a quarter of a million dollars for a home quarter.

So it is driven by that. It isn't per se farm land. Yes, the price of

farm land goes up as a result of that. But to say that primary agriculture in Alberta can support \$100,000 land is in fact a very, I think, an erroneous statement. You know, that land value is not driven by the money in agriculture. So I think that's part of the decision that has to be made here, is do we want to keep our agricultural land primarily agricultural land? You know.

Yes, we certainly need investment. But is there ways around that by still keeping our land as primary agricultural production land that is that today?

Mr. Elhard: — First, in your example that Bob alluded to a few minutes ago, you talked about the absentee landlord's return on investment being double what the operator's investment returns might be realized. I guess you know, tongue-in-cheek, I could say two times zero is still zero. But having got past that, what makes you think that there will be a large rush of outside investment to take advantage of changed ownership laws when significant and serious investment dollars usually go to areas where there is a much more beneficial return? Ten per cent is a marginal return for large investors, people who want to make money on their investment — I mean that's a minimum. They're looking for 20 and 25 per cent.

So what makes you think there'd be a huge rush of outside investors to come buy up Saskatchewan farm land?

Mr. Osiowy: — I'm not really qualified to say that. And I'm not saying that that necessarily is what would happen. But I think what our concern was as a group was that if it does happen, if you open that door, how do you get it closed again?

This Montana article, why would somebody who has . . . just taking from this paragraph, if somebody spends \$20 million on a ranch, they may have \$200 million in the stock market. Well you know that's a lot of dough.

And now why would they do that in Montana? It's not because the price of ranch land keeps escalating at the rate that they can get the same return for the rest of their investment portfolio. It's because they want . . . maybe they need some tax breaks. Maybe they need something that isn't depreciating at that level.

We as a group came out with saying, yes open it up, but keep some restrictions on it. We didn't say, as this proposal says, we didn't say to keep it closed. We said to open it up, to loosen it up, but not completely wide open. I think that was the concern of the group.

Mr. Elhard: — You've been in the farming industry now for a number of years since you came back from Alberta, and I would assume that your experience is similar to my own. When people around you decide to quit farming and retire, what is their preferred method of divesting themselves of their farm machinery?

Mr. Osiowy: — Farm machinery? By auction.

Mr. Elhard: — Would that not suggest that farmers themselves know that the best way to achieve the best possible price for the product they have to sell is to attract as many buyers to the situation as possible, that they will benefit by more buyers as opposed to fewer?

Mr. Osiowy: — Generally speaking that is the case. Yes, it is.

Mr. Elhard: — That would suggest to me that farmers, if they looked at their own best interests in the long run, might assume that the more buyers there are for the land, removing barriers to ownership would be in their immediate benefit and probably in their long-term benefit for anybody who buys the land in the meantime.

Mr. Osiowy: — Well that is a possible assumption, but then some of the other things are also possible assumptions. We don't have a crystal ball and that's the problem with this whole thing.

We can't . . . In the '70s, the early '70s, land started to escalate in price at a phenomenal rate. My mother held on to a section to family farm. I was an only child; my father was dead. I would imagine that she was extremely tempted to sell the land when it exceeded \$100,000 a quarter in our area — land that today is worth roughly 40. Then primary agriculture in this province started to change as the grains and oilseeds sector got into some trouble. So the price of land started to decline as a result of that.

So what I'm trying to say here is that if that happens again, if we don't know . . . The grain and oilseed sector could turn around five years from now and be an extremely profitable part of agriculture. We don't know necessarily for sure that that is not the case. We make educated guesses for what's going to happen, but I really think that the possibility does exist. Who knows, maybe we can be growing drugs five years from now or the ingredients to manufacture drugs instead of food. Ethanol is certainly a good possibility.

So all kinds of things can happen. And I think the concern is not so much that the land . . . that this policy be opened up, is that there are some restrictions so that it stays as primary . . . it is owned by people who are primarily involved in agriculture. It's the last sort of link we have, so to speak.

There is a person . . . there was some comments made by the earlier presenter, very close to me, 10 miles from our farm. He came from England four years ago and purchased somewhere in excess of 12 quarters of land and rented a lot of land on some Native reserves close to there. And he came from England with a lot of money. And he was paying 40 and \$45 an acre in cash rent. This was only three years ago. And today he's in very serious trouble.

So it isn't because he doesn't know what he's doing. He farmed all his life in England. It's because commodity prices are so dreadfully low that he's having trouble. That has to change before . . . I think as profitability returns to the farm, prices will naturally increase to some degree.

The Chair: — . . . clarification, where is your farm located?

Mr. Osiowy: — Abernethy/Lemberg area.

The Chair: — Okay, great, thank you.

Mr. Osiowy: — RM (rural municipality) 186.

Ms. Jones: — Thank you and thank you for your presentation. I

would just wonder if you could expand at all on your plate no. five about land being possibly changed to a commercial zoning for certain developments. Could you give me any examples of that?

Are you talking more about intensive livestock type of operations or . . . just what did your members have in mind when they were talking about that, and if you could elaborate?

Mr. Osiowy: — I think that what they had in mind was anything that was of a commercial nature, possibly intensive livestock. Maybe there should be a separate zoning created, other than, you know, primary agricultural production land.

If someone needed to come in and needed for some purpose, 1,250 acres, or 1,240 acres, or whatever, 1,500 acres of land for the spreading of liquid manure and they wanted to own that land themselves. Well maybe that land could be rezoned to a commercial use or something in between agricultural and commercial.

Like nothing is written totally in stone. We don't have to . . . because we want to own or have some restriction on our primary agricultural land doesn't mean that we necessarily have to discourage business from coming into this province.

That would be a way of getting around that, I would like to say, you know. And I think that's chiefly what they had in mind.

Ms. Jones: — And would there be any differentiation then between Canadian and non-Canadian acquisition if it was changed to a commercial zoning?

Mr. Osiowy: — I don't think there should be at that point. You know if a company wants to come into Saskatchewan from Germany or Great Britain or wherever and set up a commercial operation, and they're serious about it, then that's fine.

But I just . . . I have trouble with the concept, and I think the group had trouble with the concept — I know the group had trouble with the concept. I said very little during this meeting, to be honest with you, I just listened. And I think the group . . . the biggest trouble that the group had was this concept of primary agricultural production land possibly becoming a speculative item, you know, by people who had nothing to do with agriculture.

Ms. Jones: — I find this a very interesting sort of proposal. Thank you.

Mr. Osiowy: — Thank you.

The Chair: — Thank you. We have about two minutes left. And Peter, is there a question? I've been using the word pithy — doesn't seem to work so I'm going to use the word short, please.

Mr. Prebble: — In the remaining little bit of time that we have, I'm wondering if you could talk a little bit about the Montana situation in more detail than you've had a chance to do so far. What are you finding is happening in Manitoba as a result of the law . . . in Montana as a result of the laws that they have in place?

Mr. Osowy: — Well it just . . . Lee added with this, that there was now a person investigating . . . And Lee is very good at this area of agriculture, and in our group, he's the fellow that really looks at vertical integration and that kind of thing. And he's got a real talent for it.

And he found that presently in Montana, right now, there is another 10 ranches that are . . . that there is an attempt being made to purchase this 10 ranches and basically put it into, into a large parcel purely for speculative reasons, you know. I don't think anybody in primary agriculture in Montana is very happy with that. But the door is open, you know.

I think that's chiefly what we're talking about here is that, you know, this, this just . . . Here it says that these buyers aren't looking to make money on cows because they don't have to. They can probably look forward to appreciation of at least 10 per cent a year on the property's value, Wheeler said, making a good place to park some money.

Well if that were the case and if that ever happened in this province, you can kiss goodbye primary agriculture chiefly. You have to remember that in the United States, our director in the United States, for example, received \$30 US (United States) an acre in subsidies last year on his American dirt. We don't have those kind of subsidy levels in this country, as we all know. And so consequently, we wouldn't be able to necessarily deal with this kind of thing even as well as they can there.

The Chair: — Bruce, thank you very much for your presentation. On behalf of the committee, we want to thank you for making yourself available for a very informative presentation. Thank you very much.

Our next presenters will be a group from the Western Canadian Wheat Growers Association.

What we will do here is we will . . . I'll ask the committee members to introduce themselves and then we'll ask you to introduce yourself and anyone who is with you.

My name is Ron Harper. I'm the MLA for Regina Northeast and the Chair of the committee.

Mr. Bjornerud: — Bob Bjornerud, MLA for Saltcoats.

Ms. Harpauer: — Donna Harpauer, MLA for Watrous.

Mr. Kaczowski: — Viktor Kaczowski. I'm the Clerk to the committee.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Ms. Atkinson: — Pat Atkinson, Saskatoon Nutana.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Mr. Prebble: — Peter Prebble, Saskatoon Greystone.

Ms. Treslan: — I'm Denise Treslan. I'm the executive director of the Western Canadian Wheat Growers Association and I

farm with my husband at Beechy, Saskatchewan.

Ms. Campbell Hipkin: — And I'm Jo Campbell and I'm a new director with the Western Canadian Wheat Growers Association from Saskatchewan. My husband and I farm at Lumsden.

The Chair: — Welcome and we'll be more than happy to receive your presentation.

Ms. Campbell Hipkin: — Thank you kindly, Mr. Chairman. Good morning. And we've already kind of made the introductions as the first part of the speech this morning. But I'd like to thank the members of the committee for inviting the Western Canadian Wheat Growers Association to appear before you today.

We've made our introductions. I just want to add to that that I am a Saskatchewan girl, prairie born and raised. I've lived in other parts of Canada, but I grew up on a pedigreed seed farm at Pense not far west of here and this led me into a long and varied career in the agriculture industry.

I became a director with the Western Canadian Wheat Growers in January of this year. And Denise Treslan, who is with us, is our executive director and has been that of the association for the last two and a half years.

As many of you know, the Wheat Growers pride themselves on coming to the table with innovative, farmer-driven solutions. Since the association's inception 32 years ago, our members have worked hard to create a prosperous and sustainable agriculture industry using a common sense approach and a business perspective.

The Western Canadian Wheat Growers Association, founded in 1970, is a non-profit voluntary farm organization. Our mandate, given to us by our membership, is to advance the development of a vibrant and profitable agriculture industry.

As we all know, Western Canadian agriculture is facing many difficult challenges. The world around us is changing rapidly and we are doing our best to lead the trend. International subsidies, trade wars, as well as drought or wet conditions have all had a significant impact on our industry.

The recently announced US farm Bill has left many of us wondering what the future will bring next. While the impact of these massive subsidies may not immediately be apparent, the message is very clear. It is time for the Government of Canada to step up to the plate and support its agriculture industry.

We would like to commend the Government of Saskatchewan for supporting the call for a \$1.3 billion trade injury compensation program, as designed by the Grain Growers of Canada.

As you may know, the Western Canadian Wheat Growers Association is a founding member of the Grain Growers of Canada. The Grain Growers of Canada was formed to enable grain farmers from across the country to address national policy issues through a single voice, particularly on such important issues as international trade. The trade injury compensation program is one component of the Grain Growers of Canada.

While the wheat growers have not typically been advocates of increasing subsidies or of demanding government assistance, it has become increasingly obvious that the federal government has virtually given up on our industry. We believe that the federal government opened the doors to requests for support in the fight against international subsidies by supporting other industries such as the airline industry and other sectors of agriculture for that very reason.

We believe it is now time for Canadian grains and oilseeds support. As I said before, there are many challenges facing our industry. These challenges are not insurmountable, however they will require some innovative thinking.

You might be surprised to hear me say that I'm optimistic about the future of farming. No doubt you've heard many views to the contrary in your examination of this issue and will hear more. While the short-term prospects appear bleak, I am convinced that Western Canadian agriculture is going to be the most dynamic place to be in the next 20 years. We can strip ourselves of some ... If we can strip ourselves of some outdated regulations and perceptions, we can reinvent our industry and rebuild rural communities.

If you've ever had someone stand on an object you were trying to lift, you will know how we feel in the farming business. Prairie agriculture is being held down by a dead weight of regulation, high taxes, inefficiency, and of course foreign subsidies. We must address these issues if our industry and way of life is going to thrive in the 21st century.

Now it is time for governments at all levels to take a hard look and a long look at the agriculture industry and decide what they want the future to be. We no longer have time for ad hoc, knee-jerk reactions to what is going on around us. We must be proactive and work hard to develop the agriculture industry that we desire.

A continued dependence upon primary production will not allow farmers to realize their true potential or productivity. Nor should we abandon primary production in an effort to support value-added agriculture just for its sake. There must be a mutually beneficial compromise that allows primary production of grains and oilseeds to thrive with the development of a strong value-added sector.

Western Canadian farmers, and in particular Saskatchewan farmers, have embraced change. We have diversified into many different crops and technologies. We are early adopters of technologies such as zero or minimum tillage, biotechnology, and specialty crops. We also recognize that while change is inevitable it also creates opportunity.

Many Wheat Grower members have seized diversification opportunities into areas such as raspberry and wine production. Others have successfully added carrots to their list of crops. One of our Saskatchewan members has developed markets for weed seeds, buckwheat hulls, and even ergot — a fungus that downgrades wheat crops that have pharmaceutical applications.

Producers have answered the call to diversity. We have become as efficient as we can be, and all the while carrying the burden of government over regulation. If this government is truly

committed to creating an environment in which farming and the agri-food industry, as a whole can prosper, you need to take a look at the barriers to prosperity here at home.

No institution or policy is sacred. We have to question paradigms if we want to grow.

I am pleased to appear before you today to present the Wheat Growers' position on the issue of landownership in the province of Saskatchewan. Our association has been clear in our position on this issue for many years.

I believe it was one of our former directors, the late Len Rutledge from Carievale, Saskatchewan, who responded to an earlier debate on this topic almost 20 years ago. During the time since the debate over foreign ownership of land in Saskatchewan began, our position has not changed. We support opening up the restrictions on Canadian ownership of land within our provincial borders.

Every week we hear stories of people who are willing to invest in our industry and yet their hands are tied because of outdated, unwieldy regulations — regulations that were developed years ago and that do nothing to address today's circumstances.

Initiatives that encourage increased investment in any Saskatchewan industry cannot be ignored. Allowing residents living outside of Saskatchewan to own land within our province is one way to do this. It is not a new idea. Our neighbours to the West and East have reaped the benefits of opening up their landownership laws. It is time for Saskatchewan to do the same.

We often hear, from this government, about how we need to diversify and seize opportunities. It was most, this was most evident in the recent report handed down by the ACRE committee. It is our hope that many of the recommendations made by the ACRE committee will be acted upon.

We find ourselves caught on a treadmill because we have failed to recognize the need for structural change in our industry. Many people long for the good old days, but forget that the trend to larger and fewer farms has been occurring on the Prairies for more than 60 years.

For example, since 1936 Saskatchewan has lost 60 per cent of its farms. Even between 1971 and 1976, some of the most profitable years ever in prairie grain farming; over 6,000 Saskatchewan farmers left the business. The figures weren't a whole lot higher between 1966 and 1971, among the worst years in history when 8,700 Saskatchewan farmers pulled up stakes. The recently announced Statistics Canada figures demonstrate the trend — that this trend is continuing.

Many people have looked at the decrease in the number of farms as a sign of despair. They lament the loss of the family farm, and yet I would like to ask the committee exactly what is the definition of a family farm. Is a family farm one single unit? Or is it a combination of fathers, mothers, sons and daughters, husbands and wives, brothers and sisters, uncles and aunts working together to create a successful business?

Is there a rule on just how successful these family farms can be? Is a father-and-a-son team that owns 10,000 acres and employs

seven people any less a farm family than someone that operates 1,000 acres?

Rather than degrading the success of the larger operations, we should commend these entrepreneurs for seizing upon an opportunity to grow their operations, to employ other families, and to diversify the rural economy.

Farm size by land can no longer be used as a meaningful measure of success. There are dairy, poultry, and hog farms that grossed a \$1 million and up on a small amount of acres.

There are 2,000 more family corporations now than there were in 1996. What does this mean for Saskatchewan? Yes, farms are getting larger, people are taking advantages of opportunities in other industries, and in many cases in other provinces. Let's give people a reason to invest in our province. Let's give our young people a reason to stay.

The Western Canadian Wheat Growers Association consists of farmers who believe we can overcome most of these obstacles ourselves if given the right tools to do so. We focus on market-based solutions that will enable Western Canadian farmers to prosper.

In reality many of the barriers to profitability have been created within our borders. We can be found in outdated marketing and transportation systems, a heavy tax burden, inadequate crop insurance, and the failure to involve farmers in value-added processing. These barriers have contributed to a seemingly endless cycle of ups and downs that have forced farmers to ask for taxpayers' assistance time and time again.

The challenge that I would issue to members of this committee is to dedicate yourselves to developing a comprehensive plan that will put this cycle to an end.

Opening up the restrictions on farm ownership in Saskatchewan is not the magic bullet that will see an immediate end to the challenges that face our industry. However it can be one more tool in our toolbox that will provide us with a level playing field with our provincial neighbours.

It will allow us to attract outside investment and allow us to add value to one of our greatest resources — our land. Saskatchewan people are very proud of their work ethic, their hardiness, and their ability to adapt. We need to take this message to the world. Let everyone know just how excited we are for the future of this great province and that Saskatchewan is open for business.

We need to know from other parts of the country that . . . oh, sorry. We know people from other parts of the country are looking for places to invest. Weather and the effects of urbanization have pushed cattle ranchers and other producers out of other provinces. Why not open our arms and embrace their investment, their ideas, and their technologies?

Once again the Wheat Growers would strongly encourage this committee to allow investment in our great province. Investment in any sector of our economy, whether it is agriculture or somewhere else or something else, will benefit everyone.

We encourage you to open up the restrictions on landownership and provide us with the opportunity to grow. We encourage the government to take the Saskatchewan can-do message to the world. We are here and we can do it. As I said before, I'm very optimistic about the future of farming in Saskatchewan and I trust that you are too.

Thank you for taking time to listen to our comments and we look forward to your questions.

The Chair: — Thank you very much. Members of the committee, I remind you we have slightly less than 15 minutes for questions. So I'll open the floor up to questions by the committee members. Carolyn.

Ms. Jones: — Thank you. And thank you for your presentation. I'm a little uncertain about your intent. You talk about opening up the restrictions on Canadian ownership of land within our provincial borders, but in several places talk about taking our message to the world. Can you clarify for me whether or not you are supporting lessening the restrictions for other Canadians to own Saskatchewan land? And are you talking about Canadian citizens or Canadian corporations, or are you indeed talking about opening up to the world foreign ownership — non-Canadian ownership?

Ms. Campbell Hipkin: — Thank you. Thank you for your question, Carolyn. No. Within the confines of what it is that we've presented, we're talking about Canadian ownership.

Ms. Jones: — Citizen or corporation, or both?

Ms. Campbell Hipkin: — Well I don't think that we have a restriction around what that is. Corporation, a family corporate farm, you know, there are other family corporate farms across the country that could be counted to be an individual citizen as a farm.

Ms. Treslan: — For example, my husband and I own five quarters at Beechy but we're farming with his dad and for various reasons we are very seriously considering becoming incorporated. So are we no longer a family or a citizen farming because we have chosen to incorporate?

And just . . . I guess I fit the bill in two ways . . . well, many ways I guess. We have off-farm income, both of us. We also farm two and a half hours from Regina, and I'm also what would . . . could be considered, by other conversations, today to be an absentee landlord because I own land that was left to me by my father when he passed away.

It also happens to be the land that has been in my family for . . . when Saskatchewan will celebrate its 100th birthday, I will also celebrate having owned that land within the Porter family for 100 years. But if we were to follow one of the restrictions put forward by the Pro West Rally group, I would no longer be able to own that land because it's more than 320 acres and I don't derive 50 per cent of my income from that land.

So you know, there's . . . I guess what we need to do, first off, is decide what we think that the . . . or what these definitions are. Like, what is the definition of a . . . like is . . . a Canadian citizen that happens to own a corporation, where does he fit or

she fit? And what is an absentee landlord? What are the rules? And maybe we don't need to have . . . I guess is our point, is that we don't need to have so many of these rules.

My dad's brother inherited land from their mother. He had . . . he was experiencing some health problems so getting some things in order, he had to sell it because his kids that live in Edmonton and have never resided in Saskatchewan can't own that land. Or they would have had to sell the whole portion of it in order to — really, if you're going to get down to the heartstrings — own part of what their heritage is because they've never lived here.

So I guess if I'm going to take the emotional route, that is what I would . . . I consider very serious. I think that we need to allow people to have the opportunity to invest in this.

And owning land or farming now is completely different than it was when my dad was farming 15 or 20 years ago. There still is a tremendous pride in ownership. But me, being 35 years old and wanting to farm on a full-time basis, we don't have the ability because of the current economic situation on the farm to go out and buy large parcels of land. So it is more beneficial for us to be able to rent that land on a long-term basis.

And really, if I'm renting it from my uncle Leonard down the street or I'm renting it from a person from Alberta that wanted to invest in that, I'm renting it and I'm being . . . I'm obviously making a living off of being able to rent that land.

Ms. Jones: — Okay. Thank you.

Mr. Forbes: — Thank you. Very interesting report. Thank you very much. Now Jo, you're the Saskatchewan director.

Ms. Campbell Hipkin: — I'm one of.

Mr. Forbes: — How many are there, Saskatchewan directors?

Ms. Campbell Hipkin: — There's four of us.

Mr. Forbes: — Four of you. Okay. This is a Western Canadian organization. Did you folks have much input into the development I think of the Manitoba policy and the — and I don't know the . . . I'm not sure of the timeline — the Alberta and the Manitoba policy? And is this sort of a national trend that you would like to see right across . . . well particularly Western Canada?

Ms. Campbell Hipkin: — David, I'm going to refer this to Denise because I haven't been with the organization long enough to know about . . .

Mr. Forbes: — Okay.

Ms. Campbell Hipkin: — You know I've been part of the industry but not long enough part of the Wheat Growers organization to know the development prior.

Mr. Forbes: — Yes, okay.

Ms. Treslan: — And I'm afraid I'm not much more knowledgeable on that question than Jo is, other than to say

when I was trying to do research for our speaking notes today, the only historical information that I could find within our offices was 28 years ago when we were writing letters in the early '80s to Saskatchewan . . .

So whether we were called to appear before Manitoba or Alberta, I don't know and I would guess probably not.

Mr. Forbes: — But you folks are speaking as Saskatchewan residents about a Saskatchewan situation and that's good to know.

Ms. Campbell Hipkin: — Although supported by the directors and member base in the other provinces.

Mr. Forbes: — Right. Okay. I mean it's a real challenge when we talk about a national . . . or I guess what our world view is in terms of a national thing or truly just a provincial or a smaller world view. But that was my only question. Thank you.

The Chair: — Thank you, David. Wayne.

Mr. Elhard: — Thank you for your presentation this morning. The previous discussion centred around the definition of family farm and it seems to me that there's a number of other definitions that need to be dealt with in the context of these discussions.

The previous presenter from the Pro West Rally Group talked about primary production and made significant effort to kind of enshrine that as one of the most important objectives of agriculture in this province. And it's occurred to me that primary production, as a group of words, used to mean one thing, but it means quite a bit different now. And I suspect, over the coming years in agriculture, primary production is going to mean quite a bit more and different things than it does today.

So having said that, do you think that there is value in trying to protect what we know as primary production today, assuming that that's going to change significantly in the future? Or do you think that that's not really relevant to the discussion?

Ms. Campbell Hipkin: — What is primary production? Thank you for your question, Wayne. Primary production, you know, in terms of the definition of it, what is it, as you've brought up, I don't think that that's really relevant to this discussion, you know, as an association overall.

Ms. Treslan: — No, because you could turn the question around too to say what is the true definition of value-added. And I think that when most of us when we think about value-added it's pasta plants and hog barns and large structures.

And in my opinion there's many things that I can do as a primary producer to add value to my crops without having to have shares in a pasta plant, without having to have shares in a hog barn down the road.

It's by growing different qualities of crops. Being able to have the ability to have contact with my market, with the people that want to buy my product so that I can meet their needs — meet the customer's needs. It's by being able to have identity preservation on my farm.

So, yes, to me that's the greatest way that a producer can add value to the products that he grows on his farm, is by being able to meet the needs of this customers. And that's a whole other debate we could get into but ... Yes, protecting primary production, I guess, what is it exactly?

Mr. Elhard: — I think in the context of the previous presenter's concerns, he alluded to the Montana experience where a lot of land was taken from primary production, in terms of cattle ranching, and turned into recreational land.

Do you think there's that kind of likelihood in Saskatchewan that there are going to be large tracts of land taken out of primary production, whatever its definition is, and put into recreational usage? Do you think that's an issue at all in Saskatchewan?

Ms. Treslan: — Well personally, because I drive to Beechy every week, and ride on the ferry every week, and I look at Lake Diefenbaker every week, and I see the beauty of what we have here, that I think that if you could — areas like that — if there's a natural beauty or there's a natural attraction there, then I think we need to develop it.

The land that I own that I inherited from my father, as wonderful as it is, has also been nicknamed for many years as the Sahara. And we've also said that probably the best way to may money off that land is to ship it to Hawaii for sand because it's very light and in years like this it tends to blow.

But you know it's 70 miles, give or take, as the crows fly from Saskatoon. There's not ... I mean it's 15 miles from Outlook, so it's near a river, that sort of thing. But no, I don't know that anybody's really going to want to set up a resort there. I think it's a beautiful piece of land but I don't know that it's a great vacation destination.

And I look at where ... I guess I use personal examples of where we are at Conquest and where we are at Beechy, and then I look at the example of one of our directors that happens to farm at Springbank in Alberta, just on ... well Cochrane actually. And every day of his — they have a ranch and also some cropland — and every day they feel the effects of urbanization because they're right on the edge of Calgary.

And so the people on the edge of the city don't want to have a fence because they've got all that green land there that is theirs to go walking on and to enjoy and to ... And you know and they will be out on their horses checking their cattle in their pasture and come upon people walking, enjoying nature, and say, excuse me but you're trespassing on this land and, you know there ... are you aware that there's live animals here and all that other stuff. And the people will say no, excuse me, you're trespassing on our land.

So you know, whether we're going to feel the effects of urbanization on places like Beechy and Conquest, likely not.

Mr. Elhard: — So are these fears largely red herrings? I mean the kinds of things we're talking about, are ... I guess, you know, we've talked about huge investment, foreign investment in land here, I think that's a red herring because there isn't a return on investment that people are going to expect. I don't

think that there are vast tracts of primary production agricultural land that are going to be taken up for recreational purposes. Are we dealing with red herrings here?

Ms. Campbell Hipkin: — I certainly think we're dealing with red herrings as well. You know, we live out in Lumsden and of course we have, you know, urban populations from Regina trying to move out there. And I always ask them if I hear that they're moving out for an acreage if they have a four-wheel-drive truck and a tractor, because they're expecting the same services as they do in urban centres and it's just not there.

And you know, they come and they go, and they come and they go, and their dream didn't become reality because they got stuck and they didn't like mud — if we ever have any again. And you know, on and on it goes.

And, you know, and the other thing is, is that it's beyond the question of agricultural investment in land to turn it over into other things because we have a lot of other issues to deal with in terms of being able to invest in this province and be open for investment in terms of our tax and our, you know, on and on it goes in terms of our policies.

So for large influxes of dollars to come in here right now, we have to have a lot of other things in place for that to even have an incentive to happen.

The Chair: — Thank you very, very much for your presentation here. Your time has elapsed but we want to, on behalf of the committee, thank you very much for your very informative presentation. Thank you.

Ms. Campbell Hipkin: — Thank you. And may, as the wind blows the land and we change hands with the soil, we change dollars too.

The Chair: — Thank you.

Ms. Campbell Hipkin: — Thank you.

The Chair: — Our last presenter for this morning is Lane Realty, a corporation from Regina.

I'll ask committee members to introduce themselves. And then we'll have you introduce yourself, Bob, and anybody who may be with you, and we'll be ready for your presentation.

My name is Ron Harper. I'm the Chair of the Standing Committee on Agriculture and the MLA for Regina Northeast.

Mr. Prebble: — Peter Prebble, Saskatoon Greystone MLA.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Ms. Atkinson: — Pat Atkinson, Nutana in Saskatoon.

Mr. Fenson: — Avrum Fenson, researcher.

Mr. Kaczowski: — Viktor Kaczowski, Clerk to the

committee.

Ms. Harpauer: — Donna Harpauer, MLA Watrous.

Mr. Bjornerud: — Bob Bjornerud, MLA Saltcoats.

Mr. Elhard: — Good morning. I'm Wayne Elhard, MLA Cypress Hills.

Mr. Lane: — Bob Lane is my name, and I represent Lane Realty Corp here in Saskatchewan. And our company is very active in the sale of farm and ranch property, and we've been active in that area since 1977. And I want to thank you for the opportunity to speak to the committee today.

In that period of time we have not only sold agricultural property between Saskatchewan residents but many families and individuals from across Canada, the United Kingdom, and mainland Europe.

Personally, my background is from a third-generation Saskatchewan farming family with one grandfather from Lincolnshire, England homesteading in Birch Hills in 1900, and the other grandfather from Alsace-Lorraine, Germany homesteading in Englefeld, Sask in 1900 as well.

To date this year we've had the privilege of selling 75 farms and ranches in this province this year, and last year 115 farm and ranch properties. My observations as follows of the present agricultural situation from that experience.

Presently, the majority of Saskatchewan property is owned by senior people in their '70s, '80s. And I visited one client yesterday who's 93 in the hospital, in the General Hospital yesterday. Many of the present landowners have left the province. For example, my mother's family had eight brothers and sisters. There is only one remaining in Saskatoon and he was formally with IBM (International Business Machines) Canada and he personally computerized the land title system in Alberta in 1963. And he has just changed that . . . That system is just changing now. And he probably would have computerized the system here for nothing and it's cost us \$90 million for the system we have today; that is, we're trying to make it work. I just thought I'd throw that in.

But anyway, we're having a lot of fun . . . We're having a lot of fun with this new system and he would have probably done it for nothing. He's retired in Saskatoon. His system lasted 38 years in Alberta with 3 million people there.

Anyway, presently, the majority of people that own the land here are quite senior. Many of them don't even live here and have moved all over Canada, the United States, and abroad.

Presently, you will find a handful of farmers left in each community doing all the work on the majority of these rented lands that the gals were talking about a little bit earlier. These individuals are mostly in their '50s and '60s that are doing the actual work and they're working for as many as seven to ten landlords. Some of these landlords still hold the permit books for various reasons, so the actual number of people doing the farming is lower than everyone even realizes today.

This handful of farmers are maxed right out beyond their effective capability. And many of these active farmers are now moving to retire as they see their equity positions that they've worked for many years, kind of slipping away with the present agricultural situation. There is a great need to bring in new people to replace this aging population and the two generations of young people who have left the province of Saskatchewan.

And to add a little bit to what the girls were saying about value-added and primary production, we have clients in the feedlot alley in southern Alberta who have their employees from Whitewood, Saskatchewan. They import their father's calves from Whitewood, Saskatchewan and they haul the barley that they feed them from Whitewood, Saskatchewan all the way to Taber and Coledale.

So there is primary production that we have in its finest. We export the people, the calves that they feed, and the barley that they eat. So Saskatchewan is a great primary producing province and it's too bad that we couldn't feed them right there in town, at Whitewood and then ship them down to Greeley, Colorado instead of from Coledale. So it would really be great.

We also had one fellow wanting to build a major feedlot at Riverhurst on the Massey farm which was a 10-quarter section irrigation farm. He had it all figured out. We put about eight months of research into it and then he went to the Department of Highways to discover that if he ran his feedlot 12 months of the year, his fines for running his trucks in and out during the spring breakup would cost him \$200,000 on our road system that we have in the Riverhurst area. So that's another, you see . . . So there's many factors that are connected to this agriculture. It's not just the ownership.

And so that fellow did not buy and he went back. And he had many meetings with the Department of Highways. And if he had come he would probably have employed maybe 20 people in that area who wouldn't have to move to work for him in Alberta.

The next page, we had thought over the past several years that the lower value of the Canadian dollar to the US dollar, that the American farmers would be up here in bus tours wanting to buy our land. But this has never happened.

We have had many responses to our advertising programs from Americans but when they research the economics of our family farms, the taxes that they would be exposed to, and also the fact that they would have to give up their US citizenships, they quickly drop the idea — even with these low prices and the high US dollar.

And then I've gone on, other affecting Saskatchewan factors in agriculture today: our municipal tax and education tax have been unloaded on the farmers. Even though there are no children left in the country the education portion of the taxes is about 60 per cent of this ever-increasing property taxes on the municipal level.

As these school units expand it has become evident that the urban centres, a lot in Regina and Saskatoon and the other cities, are benefiting with new construction of schools at the expense of the farm community. And that's happening on a

roller-coaster basis.

Point B, the federal government has little or no support for the Saskatchewan farmer who feels quite alienated from all levels of government, as has been mentioned earlier.

The federal government is presently in the process of passing Bill C-5, and it's the Species at Risk Bill. And that's going through the House in the federal government right today, which is another strong possible deterrent to the Saskatchewan farmer. Here all land which will be identified with an endangered species or plant can be frozen and will have to be fenced by the farmer. He will have to maintain this land at his own expense, the way the Bill is written, and/or it can be expropriated — that land.

Speaking about American ownership of our land, Ducks Unlimited has taken thousands of acres out of production in this province. We see it every day. And this is land that could be growing beef or could be cultivated. And that's great, they're going to have ducks to shoot when they go over the 49th.

But that's a massive organization with a lot of money behind it, which is one of these awful American groups. And they actually have taken thousands of acres out of production here in the last 20 years. So we should wake up to that fact. And the economic drive in this province is these primary issue farmers. And unless everybody realizes that, we're just going to blow away in the wind and we just will have a cattle herd here and that's it. So Ducks Unlimited has had free rein here.

Over recent months there has been much publicity over the possibility that the Saskatchewan government may be in the process of changing its present ownership regulations by amending The Saskatchewan Farm Security Act. The rest of Canada is waiting and watching with anticipation to see what changes will occur.

Our position at Lane Realty is the present laws for people emigrating to Canada from other countries is sufficient. These are out-of-country people. It would however be a wonderful help if the federal government would expediate the process which can take up to a year to obtain landed immigrant status for these people and our people from Europe have to bring a half a million dollars Canadian to come.

When they phone the Canadian High Commission in London, they get a tape recording. None of them have ever talked to a real person. It takes over a year to process their applications. And these crazy fools want to bring millions of dollars or even half a million dollars. Some of them are just tenants who have been bought out by their landlords so that the landlord can get at the British government treasury subsidies, okay.

Some of them aren't even landowners but they want to farm, right. They're crazy fools. But it takes them a year to get processed. If they could actually talk to a real, live person, maybe it would take them three months and they might still want to come. Many have been deterred just on that fact alone, okay.

Right. Over the last 10 years our main thrust has been working with other Canadians seeking to expand and to involve the next

generation to continue the tradition of farming. Saskatchewan has much to offer them in this regard. It's actually the greatest market in the free world, other than South America where you need a machine gun to protect your land from squatters or . . . They have no law down there.

So it's a tremendous market. It's got everything. All of Europe is looking here and we're just getting into that. We need to promote stronger in Europe.

However the present legislation maintained by the Saskatchewan government security Act restricts out-of-province Canadians from owning or purchasing more than a half section without moving to the province.

Our position that is if the half-section limitation alone of ownership per individual over 18 or each spousal unit . . . If you happen to be married happily, you and your wife can only own a half section here. If you're divorced or separated, you can each buy a half section here. So they're actually prejudiced against being happily married, okay. So if you can split up then you can buy a whole section here.

I found that kind of hard to deal with and to explain to the people when they were coming in. And that is a fact, yes.

So if your spousal unit could be expanded or increased, this would be a great benefit to these Canadians and give them confidence to invest here. This would be a very positive move just in this one area alone. When families invest at this scale, they will be sending family members or managers to look after their large investment. We need an entire new group of people here. As I was saying, it's a changing of the guard.

The Olds College of agriculture in Alberta has studied the future change of ownership of land and the demographics of our landownership here. They say it will be the largest change of landownership of agricultural land in North American history since the homestead days in both countries. So all our First World War baby boomers are still owning the land. So we need to bring . . . we actually need people here badly.

The experience we have had is the older members of these out-of-province family farms are reluctant to place land in their young children's name until they have proven themselves, kept their interest in the land, or have had many years of successful marriage without divorce. They are afraid to put a bunch of land in their children's names because they may get divorced and a phone call from Florida saying, I'm sorry, but I pulled out. So, you know, that's where that ownership thing comes in with the Canadians.

We've had a very good relationship with the existing Sask ownership board who is really pro. And some of these corporate farms . . . Recently, we've had Alberta farms that are limited registered in Saskatchewan as well, and the family members are coming and the board has been very good in that regard.

But I think on the private ownership, if we could open that up, that would just bring more people and get the ball rolling. I maintain that if the minimum acreage of non-resident, out-of-province farmers was increased, this would result in a desired result of more people coming to the province with the

backing and confidence of their parents and senior family members. We are still receiving many families moving whole scale to our province.

The lower mainland of BC and Ontario is being paved over and developed into urban and commercial real estate. Alberta has 3 million people, most of whom happen to be taxpayers and we need taxpayers too. We need a lot of them. And they have a thriving economy and there is tremendous pressure on their real estate.

And we're thankful for the Albertans or else we may have blown away already. Over the last . . . since '95 when their economy did recover from the Pierre Trudeau energy policy of 1981, it took them 15 years to get over that and now they're back rolling again. And their young people are coming here; they have no choice.

The price of their land . . . Just to give you an idea of the market, the Regina plains land out here is selling for 90,000 a quarter, which would be just under \$600 an acre. The exact same land in Olds-Didsbury-Acme, Alberta is valued at 480,000 a quarter. On the ARDA (Agricultural and Rural Development Act) federal, soil type map, it is the exact same soil.

The irrigation land in southern Alberta is worth \$3,000 an acre today. They have a tremendous group of Dutch people who have come from Holland where their land is worth 48,000 Canadian per acre. So they think that's a good deal.

On that Jim Massey farm that we sold, was 10 quarters of land, all irrigated, 1,600 acres. After the fellow found out he couldn't get his trucks in, the whole farm sold for \$700,000 and it had 10 quarter sections under irrigation. So in Alberta it would have been worth \$3,000 an acre times 1,600. But because he couldn't get the roads in because of our road policy, it was worth 700,000 and Massey, after he sold, declared bankruptcy because he owed 800,000 on the farm. He had an auction sale and it sold for 500,000 but he turned down the offer.

So anyway, government policy, if you could be just pro the farmer. Like they feel really isolated out there. If you could just, you know, show them some mercy at all, you know they'd feel better. But everything's against them.

There hasn't been one policy in 10 years provincially, other than the dropping of the flat tax on the capital gains exemption, which is the 1.78 or they called it the 2 per cent flat tax on the capital gains exemption was removed a year ago January, has been the only thing provincially that has been done for the Saskatchewan farmer in 10 years. Okay, so we need to, you know, look at our policies and . . .

I drove to Halifax two years ago and after I got back I realized this is probably the richest province in all of Canada. When you hit Winnipeg, it's nothing but muskeg and rock from there all the way to Newfoundland, okay. There's a little bit of good land in southern Ontario.

But it's an incredible place and it keeps existing somehow. But it's sort of like we're starting over again when my grandfathers came out here with this great hope of becoming farmers in

1900. But we're starting again so it would be really great if everybody could try to help it along a little bit, you know. That's all I have to say. Any questions?

The Chair: — Thank you, Bob. I'd remind committee members we have approximately 12 minutes for questions.

Ms. Atkinson: — I am curious. In your presentation you indicate that US citizens quickly drop the idea of coming here because of our requirements and yet you indicate later that Europeans are coming here.

Mr. Lane: — Yes.

Ms. Atkinson: — As I understand it, you don't have to be a citizen to own land. You need to reside here and make . . .

Mr. Lane: — The Europeans are willing to become Canadian citizens, and their farming there is even more bureaucratized than here. So they think it's still attractive and . . . even though they are subsidized.

But we really did think with the difference in the dollar that the US people would be up here. And they actually never did come at all. It's not . . . It's actually a misconception.

Ms. Atkinson: — Right. Okay. So I just wanted to clarify that. And the other question, you indicate that if we were to allow for non-resident Canadians to become owners and just increasing the acreage, do you have a suggestion in terms of . . . (inaudible) . . .

Mr. Lane: — Yes. I'm thinking at least a section. We're just thinking if that half section was increased to one section, economy to scale for the size of farms would increase. And say if you had a son and daughter who were over 18 and you're a husband and a wife, then you could maybe buy three sections and then that would be basically an average, maybe a farm that could economically, if it was a mixed farm. We're going back to livestock very heavily right now and they would have a chance of being economically viable.

Ms. Atkinson: — Okay. And do you have any thoughts on corporations . . . (inaudible) . . . non-agricultural corporations to . . .

Mr. Lane: — Yes. I was just sitting here in the chair . . . The Campbell Soup Company tried to buy Montana one year — and they did. And it only lasted two years. They couldn't hire the people to stay after 5 o'clock or work on the weekends.

And that's what the Saskatchewan Federation of Labour is presently trying to unionize the workers in the hog barns. And when they do, that will probably destroy that industry.

Ms. Atkinson: — So my question is . . . It has to do . . . I'm trying to figure . . . While we're listening to you . . . (inaudible) . . . trying to figure out, okay, what . . .

Mr. Lane: — Yes. You don't have to be worried about the corporations. They're too smart to go farming.

And there were more millionaires in Winnipeg up until the

Second World War, and they were the buyers and sellers of the grain. And then the balance of power moved to Ontario and Quebec with the manufacturing of the Second World War, and with the manufacturing took off. And these other people were all grain traders and owned all the grain companies, and they let those poor Manitoba and Saskatchewan farmers do all the risk taking out there on the flatland and they would buy the grain and then sell it for more money.

But poor David Bryan out there in Central Butte. If that crazy fool wanted to drive 300 miles with an old truck and sell his grain in Montana, and still make more money than he could at home, I think that's against the Pierre Trudeau Charter of Rights to tell him that he can't do it if that grain wasn't, you know, GMO (genetically modified organisms) or owned by one of the companies.

But we don't have to worry about the companies. They're too smart. Like look at the weather today. Yesterday it was 29 above. Today it almost snowed. And the farmers are just hoping to get their crops in right now. So Cargill Canada will never go and buy Loreburn, Saskatchewan, I'm quite sure.

Ms. Atkinson: — ... as you know we don't distinguish between non-agricultural corporations and what they do ...

Mr. Lane: — Yes. Oh, yes.

Ms. Atkinson: — So if we were to open it to non-agricultural corporations then it could be whomever.

Mr. Lane: — Yes.

Ms. Atkinson: — And our ... one of the previous presenters talked about corporations buying large tracts of land in Montana for example, and they're able to use it as a tax write-off.

As I've just ... I'm just asking you a very serious question.

Mr. Lane: — Yes. Yes, oh sure. No, well I ... If you notice in my presentation I'm just referring to Canadian citizens. Most of those people that are doing the farming right now have formed corporations. They're farming companies and they're in a 21 per cent tax bracket. And then if they take any money out of it for wages then they have to pay taxes on it again. So they get actually taxed twice. So most ...

Ms. Atkinson: — I'm familiar with agricultural families that incorporate. I come from a family that's incorporated ...

Mr. Lane: — Sure. We discovered though recently that the head accounting firm in Saskatoon, that the majority of farmers on the west side of Saskatchewan have had management companies in Alberta for the last 15 to 20 years. And they've already shifted out of the province even though they are Saskatchewan residents. We have to encourage them to stay and shop here because most of them go to Medicine Hat once a week right now and have their holding companies ... they're already out of the province.

So if you really examine it, the things that we're fearful of have already occurred. We need to have confidence in the province and have people wanting to stay here and invest here. And a lot

of ... I had an old investment fellow live across the road from me — North American Life — and the highest deposit base in Canada was Maple Creek, per capita in the banks — Maple Creek, Swift Current, Moose Jaw. And these are all older people. They were children of the Depression. But they were afraid to invest in their own country, and they're ... You know we need more of that too.

But I'm getting carried away here now. And it's just my observations and we have to you know encourage the people to stay here and give them a reason to do it. And a lot of the land is also ... you know we are also competing with the federal treasury with a lot of the land claims that are going on. And we just need people here. We just, we just ... whatever. And then they'll all buy houses and go to the Superstore and maybe buy a house and a car and, you know, do all those wonderful things. You know, once they stay here, but anyway.

Ms. Harpauer: — Well thanks for your presentation. Actually this was a question I was going to ask the previous presenters as well, because I'm in a similar situation as they are, where I own land with my husband. We each own land separately actually, and we're raising children — I don't know whether they have young children.

So I have three teenage children. Now I am looking — you're involved with investors and investing for investors — and I'm looking at my farming operation and I know the big fear out there is that I will not ... my children will not be able to start. And I'm hearing that a lot.

And yet I look at my own operation and thinking, if my net worth is worth more, if land prices do indeed go up and I have a higher net worth, then my ability to secure financing for my children to choose the land or to buy into the food chain in some manner, or to develop an agribusiness of some sort, or something, and remain here also goes higher.

So I can see populating Saskatchewan more as a producer's standpoint if my net worth is worth more. Because then I will have some more wiggle room to work with other than just being stuck with producing something that isn't working.

What do you see?

Mr. Lane: — Yes, I left farming myself in 1994 and the last combine I bought was 28,000. Now the same machine is worth 300,000. So if I was to farm again, I would probably be a mixed farmer and go back to something real simple.

But I was still a simple farmer. I was just pulling two old diskers and farming 10,000 acres with a 110 horsepower tractor and we were making good money up till then, but I got hailed out in '94, flooded out in '93, and froze out in 1992, and that cost me a lot of money.

But anyway, we've got to be very wise. And all these inputs are killing us, and the machinery is killing us, so we might end up back with a whole bunch of livestock again, like we did when we were kids.

And we have to be wise. But yes, you know, we've lost two generations. I'm 48. All my friends that didn't come to work for

the Saskatchewan government moved to . . . out of province. And my children's generation has already left as well. The entire graduating class of the school of Commerce in Saskatoon for the last three years has totally all left the province. That's just one group.

And here we are . . . (inaudible interjection) . . . Is there a few left?

Ms. Atkinson: — There are students who have graduated from the College of Commerce that live and work in this province, have started businesses in this province. I think it's important that . . .

Mr. Lane: — Okay. Well that's one example, there may have been some that stayed. I'm sorry, but anyway we have to have a reason to convince your children to stay here and . . . you bet, you bet. So anyway . . .

The Chair: — Just for your information, my daughter is one of those who graduated three years ago and still is in Saskatchewan here. She has her own business in the city of Saskatoon.

Mr. Lane: — Great.

The Chair: — She graduated from the commerce . . . with a degree in Commerce at the University of Saskatchewan.

Mr. Lane: — Well that's tremendous. I'm glad to be wrong.

The Chair: — Thank you very much for your presentation.

Mr. Lane: — Okay. good. Thank you.

The Chair: — And I will recess the committee and we will reconvene at 7 o'clock sharp.

The committee recessed until 19:00.

The Chair: — We'll reconvene the evening session of the Standing Committee on Agriculture.

And I see our first presenter is here and ready to rock and roll, so I will ask the committee members to introduce themselves. And then we'll have you introduce yourself and anybody who may be with you, and then we'll have your presentation.

My name is Ron Harper. I'm the MLA for Regina Northeast and the Chair of the Standing Committee on Agriculture. I will start with Mr. Osika.

Hon. Mr. Osika: — Ron Osika, MLA for Melville.

Mr. Forbes: — I'm David Forbes, Saskatoon Idylwyld.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Mr. Kaczkowski: — Viktor Kaczkowski, Clerk to the committee.

Ms. Harpauer: — Donna Harpauer, MLA, Watrous.

Mr. Bjornerud: — Bob Bjornerud, MLA, Saltcoats.

The Chair: — . . . we'll turn it over to you.

Mr. Ziegler: — Greetings, and thanks very much. My name is Ken Ziegler. I'm a practising lawyer in Saskatoon with the Robertson, Stromberg law office. I guess I'd just like to start off by thanking everybody for the opportunity to come and share my views and my experiences relating to The Farm Land Security Act and some of the clients that I represent that have quite close workings and associations with that Act.

I think there's probably, by the very nature of the hearings, there's probably been a lot of material presented to the committee in terms of the background, how we got to where we are, how the rules came to be, and so forth. So I think perhaps in the interests of time, because our time is quite short, I thought what I would do is share with the committee some chosen fact situations to demonstrate how in my world the workings of the Act affect people in their day-to-day business.

And what I've done is I've really chosen three case studies. And I've chosen firstly a factual situation of a Saskatchewan farmer who becomes a foreigner by virtue of leaving Saskatchewan, and trying to understand the implications of what that means.

I've secondly chosen a Canadian resident, somebody from outside of Saskatchewan but someone who wants to come to Saskatchewan, risk their capital, and invest here, and to give a demonstration of how we've treated that particular person.

And thirdly I want to share some observations with you about some of the experiences I've had in the course of my practice dealing with people from outside the country who similarly would express interest to come, immigrate, invest, become really part of Saskatchewan.

Maybe before I do that I should just also offer, for the benefit of the committee, that one of the things that I've had the pleasure of doing in the last number of years is to participate with a business in making ongoing presentations throughout Europe to people who have expressed an interest to essentially sell out and pick up and move to Saskatchewan. Most of our focus is in rural communities. We travel throughout Ireland, England, Wales, Scotland, Germany, so forth. And typically we go in the fall, usually in the month of November, and essentially we have a series of kind of town hall meetings where what we do is we speak to motivated groups of people who have demonstrated their interest to basically relocate someplace. And the countries of choice are either Australia, New Zealand, but typically Western Canada.

The message we carry is probably very similar I think to the message that we carried 100-and-some years ago, and it really is: your opportunity is here.

There's a number of reasons why we do that, by the way, and I think most of the committee would know that there is a reshuffling of agriculture as well throughout much of Europe. There's a downsizing happening in many of the countries and a

lot of industries, a lot of problems with disease and so forth, overcrowding. And there's a strong desire by some of those folks to relocate.

So all of these things taken together have put us in a position where we actually have experience with a number of people from outside the country who have a desire to come here.

Having said that, and again in the interests of time, I want to talk briefly about three factual situations. The first one I want to talk about is the case of a Saskatchewan resident.

I've chosen a case of a couple who are third-generation Saskatchewan. It's referred to on the third page of my submission. It's referred to as HIL. It actually stands for Habermehl Investments Ltd. This is a company owned by two veterinarians, husband and wife. Their parents are farmers in Saskatchewan; their grandparents are farmers in Saskatchewan. They also have been involved in the business of farming. But they went into the profession of being veterinarians.

As you'll see from the factual situation, they established and carried on a veterinary practice throughout Saskatchewan and Alberta. And some number of years ago they decided that what they would do is get back also into the farming business. They started up what we of course call, under the Act, an agriculture corporation, and a number of years ago decided to start systematically buying farm land in Saskatchewan with a view to going into the cattle business, all the while carrying on their professional practices.

As you'll see in your quiet time when you look at the factual situation, these people actually ended up giving up their practice and both coming back to VIDO, the Veterinary Infectious Disease Organization in Saskatoon, and there worked at the college for several years before finding themselves in a situation where for best employment reasons they were, if you will, picked off by a company down in Athens, Georgia. Effectively this was their best professional development opportunity, not unlike what we often see where people will leave the country for better employment opportunities.

The relevance of that of course is that, again when you consider the factual circumstances, we have people who actually had an agriculture corporation actively involved in the business of agriculture but by virtue of the fact that they left the country and gave up their residence in Saskatchewan we declare them to be foreigners.

And when we reflect on that, we've got a factual circumstance where we've got people who represent third generation, parents yet here farming, grandparents yet here farming, children going to school at Wilcox, children going to the University of Saskatchewan, brother staying behind farming. All of these wonderful facts but because of employment reasons these people leave the country.

By virtue of leaving the country and becoming non-resident, their company becomes a non-agriculture corporation by virtue of the workings of the Act. They must of course apply to the board to get an exemption order in order to effectively carry on for fear that if they don't do that they could suffer the loss of all the land that they have acquired and go down to 10 acres.

Now in this particular circumstance, the board responded quite favourably. The board was very co-operative and in effect they gave an order exempting this company from the workings of the Act, essentially said, keep what you have and carry on.

In this particular case I had asked the board for a rather unusual order. I inquired of them whether or not they might consider giving a blanket order which would allow this company to buy land in the future simply because the facts demonstrated that they were continuing to actively farm in Saskatchewan and ultimately intended to come back and carry on the business. The board was not disposed to give that type of order but did give an order that basically allowed these people to keep the land that they had.

I think we can all reflect on really what this means but we have a situation where we have people really who have green blood. I mean they are as solid Saskatchewan as you can find, and yet by the very workings of what we're doing we have to go to an administrative board, seek an order, and we operate at the pleasure of that board. Their ability to keep what they have, their ability to acquire more, is really at the pleasure of an administrative board.

And it strikes me that it is a powerful factual situation that demonstrates someone who through a number of generations has been very actively involved in agriculture but because of circumstances leaves the country for a period of time, and we then find that we have to rely on exemption orders in order to continue doing what we've done for generations — that is, farm in Saskatchewan.

The second situation that I have chosen is the case of a non-Saskatchewan resident applying for the right to invest in Saskatchewan. This situation probably is well known to many of the committee members. I understand it was a matter of some discussion not only in the newspaper but also in the House. I referred to it as RRL; it actually is Ringstead Ranch. It was an application that I submitted on behalf of a fellow from Alberta. And again, I've gone fairly extensively into the factual circumstances and you can peruse those at your pleasure and that, as you see fit.

Essentially we have a situation where a businessman from Alberta, heavily involved in the oil industry — probably one of the premier oil exploration companies in not only Alberta but in Canada — but also a leader in agriculture, an individual who has one of the leading Red Angus herds in all of Canada, an individual who probably is if not the leader in embryo transplant, probably one of the top individuals in that field, an individual who also has horses that . . . Peruvian horses that really are world-class, and the factual circumstance has come to a point where, as we see often in recent times, this fellow has outgrown Alberta. He basically needs to expand.

He finds through his own efforts, driving throughout Saskatchewan, an opportunity to buy a fairly extensive operation in Drake, near Drake, Saskatchewan.

The model that these folks use is one where they outsource all of their services totally. It's a situation where by definition when they farm, they hire all their labour, they hire all the contractors, they hire all the equipment, they hire all the inputs.

So the model that they've adopted in their operation is one which heavily uses labour, services, and equipment from the area in which they operate.

I think, as many of you know, the board in this particular case made the decision that they would not allow the individual to come from Alberta and invest in Saskatchewan. There are a number of consequences to this. One of the consequences, of course, is that the individual who was trying to sell his farm, when you analyze where that person is, he is of a certain age, he is at a retirement age, he is an individual who suffers some health issues, he's an individual who really has no other exit strategy. He's fairly typical of many, many of these farmers who are looking for an exit strategy from the industry.

That individual had chosen to sell for his best price to an outside resident — non-resident, I guess, is probably the proper way to put it. And the effect of the decision of the board is to essentially say for the interests of the public and for the interests of policy, you can't sell to a non-resident of Saskatchewan.

We can all draw our own conclusions from this, but certainly we're hard pressed to find any other industry where a board has the power to tell somebody in their particular business that they can't sell their operation. Surely if we went to any number of people throughout Regina, Saskatoon, or any of the communities and talked to our business people and said, you can't sell your construction company, for example — and the list goes on; you can't sell your house — people simply would react very negatively.

There is a lot of emotion, there's a lot of history that goes with the arguments that separate farm from other businesses, but from the perspective of the people who exit the industry, we can only imagine how this individual feels. And the fact that he's not been able to find another solution, to my way of thinking, speaks volumes about how we treat and how the workings of the Act treat people in the province.

Effectively, the argument can be made that do we really use the individual's net worth and succession rights to advance the public policy of the province of Saskatchewan.

The third situation that I talk about actually is non-residents. I thought what I'd do is simply offer some observations of some individuals whom we've spoken with and whom we've dealt with. By the very nature, again, of these kinds of circumstances they often don't come to the public forum; they don't come to the public eye. As we have meetings throughout different communities in Europe, people will come forward and express a desire to exit the industry that they are currently in, and similarly express a desire to immigrate to Canada — to Saskatchewan — and look for the opportunity to invest here.

And I thought what I'd do is just share some of those observations and some of those experiences with you.

Before I do that, I can say that quite frequently we do find that capital does come before people. And that's really an important consideration I think for everybody to keep in mind. We often look at the issue of those from the outside coming and we debate in our own mind — and also do this of course from an historical point of view — debate in our own mind whether we

want non-residents to have an ownership position of our land or other business for that matter. And, again, I think there is some particular historical basis for that in Saskatchewan considering where most of our ancestors came from.

Having said that, again, I think it is important that we keep in mind that by the very nature of these kinds of files you will find that capital comes before people. And keeping that in mind, it's important to weigh that against how our rules work.

And by that I mean that we find that any instances where people from, for example, the United Kingdom, find that it takes them a period of time to exit from the particular farm or the business that they are involved in, yet they would like to proceed immediately to apply for landed immigrant status in Saskatchewan — in Canada — but go to Saskatchewan and send capital here immediately in order to start setting up a farming operation.

That's not to say that the discretion doesn't exist within the existing board to facilitate that kind of thing. It's not to say that the board won't be co-operative in trying to facilitate that type of thing. But it does point to also consideration by these outside investors whether or not they will actually come and risk their capital in a community that actually has these kind of rules or whether they'll simply look to other competing jurisdictions.

So having said that, I've just sort of outlined a couple of factual situations here that I think demonstrate some of those points. I've recently been dealing with an English family, father is early 60s, has two sons, and they want to get out of the industry in south England. He tells me it'll probably take them about five years for different reasons, tax reasons and so forth, to actually sell out and move to Saskatchewan, yet they have access to a pool of capital and they would be prepared to actually take that capital, come here, and start a farming operation. Question is, how do we accommodate that within our existing rules?

I recently had a unique experience with a family from South Africa. Of course we all know the issues that are there. I've been told by a number of farmers in South Africa that they believe that within the next five years we'll see a significant movement of people off the land in South Africa, looking for opportunities, again either in Australia, New Zealand, or Western Canada.

I have been working with a family who came here late last fall. They actually came here and hired an airplane and they literally flew up and down the province for three days. They just covered the ground. They settled on the Quill Lakes as being sort of an ideal target area for their particular operation. The very nature of what they do is such that they would like to send capital and they would like to send management first to start an operation, and they would need then time to exit from where they currently live.

There's several other examples there as well but I think I'll just leave that for the purposes of the committee. We're running tight on time and I know there's others that need to speak so I think in the interests . . .

The Chair: — . . . six minutes.

Mr. Ziegler: — In the interests of discussion, I'm certainly open to questions or comments.

The Chair: — Thank you. I'll remind the committee members we have six minutes for questions and answers and I will cut off at six minutes.

Ms. Harpauer: — Thank you for your presentation. I'm definitely first-hand knowledgeable of two of the scenarios that you laid out here and I wanted to sort of build on the one of the investor coming from Alberta. And you can correct me if I'm wrong. The fellow from Drake has had his land for sale now for two years without buyers and it's a place where there is a fair population considering rural Saskatchewan where we have . . . it's close to Pound-Maker, Bergen Industries, Drake Meats. There are people living there. It's not in the middle of nowhere and yet no one was interested in buying that property.

And I read the refusal by the board and they said that they recognized that there would be considerable capital investment improvement made to that property. They realized that Drake, the community, would gain new residents because he was going to move people onto that property as well as letting the original owners live there. So they were gaining new residents.

They acknowledged that they would hire everything locally so it would be employment locally and that supplies would be bought locally and they acknowledged all of that. And yet correct me if I'm wrong. The owner from Alberta said that he would give a 51 per cent equity position to the person that was moving here.

So even though the new resident had a 51 per cent equity position, even though the land would be improved, even though the new ownership would be an asset to the community, and they recognized all of that, they said they would deny it because the person living there would not actually be making the decisions and operating it. Am I correct?

Mr. Ziegler: — That's my understanding. I think there's a bit more to the . . . to the circumstances. I think in fairness to all concerned, the board allowed the applicant to revise his application in order to try to facilitate it but at the end result it came down to precisely the point you are making.

I think actually it's really important in this case that the circumstances in that case also demonstrate not only does the community keep the person who is selling out — the vendor in that particular case was going to continue to live on one of the two residences on the property.

And that's often a criticism is that if people sell, they leave and take their wealth and go. In this particular case all indications are that that individual would stay, with the family wealth. In addition to that, the community would gain at least one other family who actually indicated they would come, live, work, participate in the community.

So there was, I think, powerful arguments to demonstrate that there would be certainly some growth within the community and I think over the long term an opportunity to create employment and other jobs and wealth in the community because of their activities. A powerful set of circumstances.

Ms. Harpauer: — And the only reason why they reviewed it is because I pushed it, because they weren't going to.

Mr. Forbes: — . . . just follow up on that. When you said . . . they didn't say . . . the board didn't say he couldn't sell; he just couldn't sell to that particular person. Right? You were making that comment, they couldn't sell, and that's an extreme example. He couldn't sell to that particular person.

Mr. Ziegler: — Of course. That's the context of the application. The context of the application . . .

Mr. Forbes: — The comments I was hearing was they couldn't sell and I thought that is . . .

Mr. Ziegler: — No. The context of the application is to get an exemption order to permit that particular transaction to go ahead.

Mr. Forbes: — And that's a very common thing actually when you're talking about zoning bylaws or this Act. There are lots of examples where people can't sell to certain people, right?

Mr. Ziegler: — Can't sell a business to certain people?

Mr. Forbes: — I would think.

Mr. Ziegler: — Well of course there's all kinds of restrictions on zoning and so forth. I mean you can't sell it for illegal purposes or to somebody that's going to paint something pink if you've got a zoning regulation that says it has to be black.

Mr. Forbes: — I'm sorry, I just . . . Ken, that's what I was hearing so . . .

Mr. Ziegler: — No, but to imply that somehow or another we have a control through an administrative body to allow people to sell their business or not sell their business is certainly extreme throughout anywhere in the country, other than of course in agriculture. And I think we all have a very strong appreciation of how we've come to be and feel the way we do about agriculture.

The Chair: — Ken, thank you very much. Your time has elapsed.

Mr. Ziegler: — Thank you for your time.

The Chair: — On behalf of the committee, I want to thank you very much for your presentation. I also want to personally apologize for calling you Bob when it should have been Ken. I'm sorry about that.

Mr. Ziegler: — I've been at the practice of law long enough; I've been called worse than that.

The Chair: — Thank you very much for a very informative presentation.

Mr. Ziegler: — Thank you.

The Chair: — Our next presenter will be Ross Pollock from Maple Creek. You're up next, Ross.

Ross, thank you for coming this evening. What I'm going to do is have the members of the committee introduce themselves and then I'll ask you to introduce yourself and anybody who may be with you, and then we'll have your presentation.

My name is Ron Harper. I'm MLA for Regina Northeast and the Chair of the Standing Committee on Agriculture. And soon as Randy gets to his chair before he spills his coffee all over the place, then we'll have him introduce himself.

Mr. Weekes: — Hi. My name is Randy Weekes, MLA for Redberry Lake.

Mr. Elhard: — And I'm Wayne Elhard, MLA for Cypress Hills.

Mr. Bjornerud: — Good evening. I'm Bob Bjornerud. I'm the MLA for Saltcoats.

Ms. Harpauer: — Good evening. Donna Harpauer, MLA for Watrous.

Mr. Kaczkowski: — I'm Victor Kaczkowski. I'm the Clerk to the committee.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Ms. Atkinson: — I'm Pat Atkinson, MLA, Nutana.

Ms. Jones: — I'm Carolyn. Carolyn Jones, MLA, Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Hon. Mr. Osika: — Ron Osika, MLA, Melville.

The Chair: — Thank you, Ross. It's all yours.

Mr. Pollock: — My name is Ross Pollock. And I'd like to thank you for this opportunity of being able to share this evening. And I am not representing anybody but myself and my interests and some of my views that I'd like to share this evening. So I thank you for this opportunity and for the privilege of being able to do it.

So as I said my name's Ross Pollock. My wife and I ranch 15 miles southwest of Maple Creek in the Cypress Hills, and we're on land that's been in the family for nearly 120 years. Our ranch is a self-sufficient operation that normally produces enough grass and hay to sustain our livestock the year round.

My grandfather and his brother and a cousin bought a . . . and trailed a herd of horses up from Winnemucca, Nevada in 1883 and they settled on the ranch where we're now living. The original log house is still standing there. In 1943 my dad bought part of the land, or the land that my uncle had, and then in 1948 after my grandfather passed away, he bought the rest of the ranch from my grandmother.

In 1963 my dad and I formed a partnership and I borrowed money from the Farm Credit Corporation to buy a half-interest in the ranch. A few years later in 1968 I was married and we raised four children starting in 1971. And as inflation rose and

agriculture economy basically stayed stagnant, it became evident that the ranch wasn't large enough to support two families — my mom and dad and our family.

So in 1985 my dad decided to move to town, and again I went to the banks to borrow money to buy the other half of the partnership. But I was unsuccessful in raising enough money to completely buy the other half of the partnership, and so my dad sold 8 quarters of our summer pasture to someone outside the family.

And the sale represented our . . . this land represented our summer pasture and so when I took over, again I had to downsize our herd to compensate for those 8 quarters that I wasn't able to have any more.

Three out of our four children are interested in ranching and would like to have stayed on the ranch in the same way that I did, but again with the smaller land base, the smaller number of cattle to operate with, this wasn't possible. So they were all forced to move to the city and are making their living in the cities.

And so this is basically threatening 120 years of family heritage, and this concerns me. And so now here I am in the same place my dad was a few years ago. I'm ready to retire and there's not enough money to do it.

It's been difficult to make ends meet over the years in agriculture. You generally are putting everything you make back into improvements and running the ranch, so there's very little to put away for retirement. And these last few years with the drought conditions it's been that much more difficult.

The last three years of drought has forced us to reduce our cow herd more, by approximately 35 per cent. In 2001, we had to sell our yearlings in July instead of September due to lack of water, and this year in April I had to sell my yearlings in April, when we generally sell them in September. So again we've taken a decrease in our income, with lighter weights. The past year we've had to buy feed to get us through the winter.

Due to the drought last year we had to pump water down from a neighbour's field. We live just kind of on the bottom side of the Cypress Hills and one of our neighbours three and a half miles south had a beaver dam that a spring was feeding so we laid three and a half miles of irrigation pump and spent about two weeks pumping water to fill one dam to get us through the rest of the summer and the fall.

And so we've had to do that. We've had to look for new sources of water and these things we've never had to do before. My dad just had his 90th birthday in April and when we talked about these things he couldn't believe that that was possible on our place because they have never had to do that before.

So these measures are all costly. And at that time, the assistance for water exploration ran out, and there was a lot more need for it but many people didn't receive anything for the . . . looking for water.

But even though the income hasn't been increasing and in the last few years with the drought has been decreasing, our

expenses have kept going up. Our taxes and our lease fees continue to increase on land that isn't producing or is even producing less. And I guess in my opinion the lease fee formula isn't working.

In the last . . . or a few years ago in the southeastern part of the province, when it was flooded out, the tax fees were waived. But in the southwestern part of Saskatchewan, during these drought times, the lease fees have increased.

In 1998, I paid 2,000, \$2,100 — just over 21. In 1999, I paid over \$2,200. In 2000, I paid over \$2,500, and in 2001, nearly \$3,000. And that's on land that we're having to run less and less cattle on all the time because of the drought. So in those four years there's been about a 35 per cent increase on our lease fees, and on top of that, the taxes that we pay on that lease keep going up, and on land that we don't even own. So our expenses keep going up but our income has been going down.

And with native grass in the Cypress Hills area, it will take at least four to five or six years, of good, wet years, to get that grass back to the point that it was before. In our area, where there's old grass, the new grass will be 6 inches high, and where it's grazed off, the new grass is only 2 inches high. So we need the old grass covering to bring the new grass along. And when you keep grazing it, the new grass doesn't get a chance to increase and leave there for the old grass to come along. So it's going to take a number of years, of good years with decreased numbers of cattle, to get those . . . to get the grass back to where it was.

And I guess regarding policies . . . And it's obvious that our federal government isn't interested in putting any more money into agriculture. And it's interesting that after September 11 they came up with millions of dollars to support the airline industry but they have no money for agriculture. And I guess what that says to me is that it's more important to fly than it is to eat and, however, that's where they're at, I guess.

And then also the number of farms in Canada and especially in Saskatchewan is decreasing dramatically and so with that, so is the voice of agriculture. And I feel that we need policies that will benefit agriculture rather than add to the burden.

And I think people in the urban areas that sometimes possess preconceived ideas based on their own ideas and what they see in agriculture, and so often they influence the setting of policy rather than the people that are directly involved with agriculture and know the day-to-day workings of it and how it does operate.

And I was on the school board for 14 years in Maple Creek so I know what policy is like and how hard it is to set policy and how hard it is to please everybody, and I guess I know that isn't possible. But again, I thank you for the opportunity of being able to share my ideas and hopefully influence some of the policy that is being set.

At the same time, policy should not affect large sectors of the economy to the degree that it's no longer feasible to remain in that sector, and sometimes I see that happening in agriculture. The policies that are set are discouraging people from staying in agriculture rather than encouraging them to stay.

A person who owns and relies on an asset to make a living does not treat that asset with contempt. And so often I think we see some of these special interest groups looking at us and believing that we're treating our . . . where we're getting our income with contempt. But I think we look after our . . . where we're making our income as good as anybody could look after it, and yet I think so many special interest groups don't see that. They attempt to nurture and care for the assets so that it will continue to turn a profit. To allow someone else to make decisions that affect that asset without proper understanding of the asset and how it relates to the world around severely hampers the ability to turn a profit.

And to illustrate this, I guess, one example right now is the gopher problem. And I know on our place we're being overrun with gophers, and I've been told that approximately 100 gophers will eat as much as one cow, and in this drought condition, we can't raise both. And again, due to some of the laws and regulations — the gun laws which I could get off on a tangent on . . . (inaudible interjection) . . . Pardon? . . . (inaudible interjection) . . . That's right, yes.

But because of the gun laws, and I've never been a hunter, but I've had a .22 around to keep down the gopher population. But it's extremely difficult for me to get to be able to possess a .22 and buy ammunition to keep the gopher population down. And then due to some environmental regulations, it's been nearly impossible to buy gopher poison that will effectively kill gophers. I have tried some, and basically all it does is fatten them.

But large portions of the urban population see this as a very inhumane act and so we're getting a lot of flak over that. But I guess the cities don't want to be overrun with rats any more than we want to be overrun with gophers, and I think we should be able to control the problem the same as cities control their rat problem. Or maybe we can start supplying McDonald's with gophers rather than beef for their hamburgers.

And another example, I guess, is that one of our children is employed in Regina here. He works for a company, and it's almost totally owned by an out-of-province individual. My son and other employees of the company operate it, and the owner is absent. The company pays the federal and provincial taxes owed as stipulated by law and the government benefits by the employees who pay taxes and also benefit by the additional revenue from the purchases that originate from the company's transactions within Saskatchewan. And I guess my question is, how is this any different from foreign investment in my ranch?

The ranch pays taxes that are due that are paid to the respective levels of government. My ranch employs people who pay taxes and my ranch purchases goods and services that are bought here in Saskatchewan. And I don't think this is any different than the business that my son works for.

So I guess at this time my wife and I are looking at options and right now we can see two different options that are open to us. And that's putting the ranch up for sale and selling out completely and ending a 120-year family heritage. And the other option we have is to sell a partial interest or however much of the ranch to a personal friend who lives out of the province but would like to invest in the ranch and to keep it in

the family.

If we could do this, we would have enough money to buy a house and move to town and one of our children would return to the ranch and operate the ranch. And I guess if we sold the ranch outright I would be completely out of it and not have any involvement in it at all.

But if we could do it this way, I could move to town and go out and help on days when they needed help. I'd be close by to help them learn the operation of the ranch and still be involved with it.

But from what I understand, the way the law is now that we would have to get special permission from the government to do this and I understand that this might or might not be allowed to happen.

There was a ranch just down the road from us a few miles about five years ago that came up for sale and we looked into it but the price that they wanted for that ranch and for the number of head of cattle that that ranch would run, we wouldn't even be able to pay them interest on the money that we would have to borrow from the bank to buy that ranch. And so, again, that was not a possibility to do for one of our children.

So this last option is a way of keeping the ranch in the family, encouraging young people to come into agriculture, which we're trying to do again. I mean, there's hundreds of young people that are leaving agriculture and we're looking at encouraging them back into it. And this would be one way, in our situation, of allowing the younger generation to take over.

And I guess what I'd like to see is that government would understand the nature of agriculture and it would be more sensitive to its needs. The provincial economy isn't there to support agriculture, and I understand that. And I don't think I'm asking for more money from the government. But what I would like to see is more understanding from the government, and policies and laws that would benefit agriculture and not add to the burden.

So foreign investment is only . . . is an alternative to the public when internal capital dries up. Saskatchewan has a vast resource in land. To ignore this fact and allow policy to further deplete the asset of agriculture is a grave error. An investor should be free to choose their investment vehicle. Any policy that infringes upon this is a threat to our freedom as a whole.

Amending The Saskatchewan Farm Security Act would allow investment funds to come into the province to support agriculture. This relieves the burden on other sectors as well as government as a whole. Ownership of land is not a fundamental issue at stake. Understanding the true value of agriculture as it relates to the rest of the economy is key to moving forward with policy that ensures viable operations for the rural communities of Saskatchewan. No one will disagree that the backbone of human existence comes from air, water, and land.

For those individuals and special interest groups who still believe that their bread and milk comes from the store, I ask that they re-evaluate the policies that they're influencing by their lobbying. Agriculture is in trouble and foreign investment

is a viable option that must be considered.

Thank you.

The Chair: — Thank you, Ross. I inform the committee members that we have 10 minutes for questions and answers.

Ms. Jones: — Thank you very much, Mr. Chairman, and thank you, Ross, for your presentation. I noted with interest that you talk about amending the Act but you don't say how much. Are you talking about amending it to Canadian ownership? Are you talking about opening it completely? Are you talking about citizens versus corporations?

Do you have some suggestion for how far you, as a person, would be willing to go in amending the Act?

Mr. Pollock: — I really don't know all the implications, you know, when you get further out than what I'm involved with. But I know that for us, amending it so investments from outside of Saskatchewan . . . Now when you get outside the country I can't answer that because I don't know all the implications.

But I know it would help us to have investment coming in from outside of Saskatchewan. So how far it would be taken I really can't say.

Ms. Jones: — But at a minimum you think it necessary to open it up to Canadian investment and you see no distinction between citizens, private individuals, and corporations?

Mr. Pollock: — No. Money's money, I guess, and if it's coming in whether it comes from an individual or a corporation and it comes in to support agriculture . . . I mean it's tough in agriculture right now and I think if we can get money from individuals or corporations that are willing to invest in agriculture . . .

In our place in particular, if I put it up on the market for sale, I'm not sure who would buy it but it wouldn't be a young person. It would be somebody that's got the money to do it. If it was a young person, one of our kids would be on the place now, but we need to bring money in outside of our family in order to do this. And whether it's an individual or a corporation, I think it's support for agriculture.

Ms. Jones: — I'd like to ask you more but we have such a bit of time, I'll pass and let someone else.

Mr. Elhard: — Ross, thank you for coming to Regina on this stormy night. I don't suppose you object to the storm if the consequences are good for your ranch.

I'm familiar with your ranch. I've visited your ranch. I am quite familiar with many of the ranches in that immediate area. It's a beautiful part of the province, and I'm sure that you wouldn't have trouble selling it if you just put it on the market.

I want you to talk about how it would make you feel though if you sold the place to a total stranger and had to pack up and walk away, and what kind of emotional struggles you and your wife, and your extended family, your children, have had in grappling with this dilemma. I mean you put a very personal

face on a very difficult situation. Can you talk about that for us?

Mr. Pollock: — Have you got lots of Kleenex? It would be extremely difficult. I don't know. Do I have to say any more?

Mr. Elhard: — I guess I can talk about that situation from my own personal perspective. I could do that around this table tonight because I've had to grapple with some of those own . . . my own issues in relationship to selling land. And I know how difficult that can be for people who have been tied to the land and you've got not just recent ties. You've got 120 years of tradition.

So the thought of just selling it to a stranger and walking away, I can imagine would be very, very difficult. But I'm more concerned about or more interested in what kind of gymnastics you've had to go through to justify selling the place to somebody who isn't directly involved right now but would allow you to involve your children. What made you come to that point? Or was that just sort of a desperate move on your part?

Mr. Pollock: — Well I guess I've been in it all my life. I was born there and I've been ranching all my life. I'm starting to play out from calving to haying and doing all the work myself. When I was . . . when my dad was my age I was there to help out and now I'm basically doing it all by myself.

I'm starting to play out and I guess I would like to maybe do something a little bit different. I'm young enough I guess I could look at doing other things, you know, in the next 10 and 20 years. If I continue to ranch, you know, for another 10 years, which I probably could, but then your window of time in retirement is narrowing all the time.

And so I guess I've just got to the point where I'd like to start taking it easy. I would like to see one of our children involved in the ranch and taking a few holidays. Since my dad left 17 years ago, last summer we took two weeks off and I had a friend that . . . or friends of ours, their son came and lived with us for two years while he took his grade 11 and 12 in Maple Creek. So he was kind enough to come and look after the place for those two weeks while we were away. Otherwise we can't get away.

And so by doing this it would free us up to do some of the things that we would like to do, but it'd give one of our children the opportunity to live the lifestyle and run the ranch that they would like to do as well. And otherwise we can't do it unless we have this investment from outside Saskatchewan.

The Chair: — Three minutes.

Ms. Atkinson: — Thanks very much for making your presentation. And when Wayne asked you the question about, how does it make you feel, I could feel your emotion because I come from a family that had a farm in this province for over 100 years. And I think it's fair to say that we would do anything to make sure that that farm stays in our family.

So I think culturally we have this huge attachment to land. And that's why this issue is so . . . difficult subject . . .

Mr. Pollock: — Emotional.

Ms. Atkinson: — Yes, and it's emotional to come to terms with.

I want to just follow up on one of Carolyn's questions to you about, you know, how far do we go with this. Have you thought about . . . Right now if you live outside of Saskatchewan you can have up to 320 acres and if there's a number of people in the family you might be able to . . . if there's four for instance, you might be able to purchase 2 sections of land.

Have you thought about a cap for out-of-province ownership? Raising the cap from 320 to 640 acres — would that help you?

Mr. Pollock: — Oh obviously it would help, but I don't think it would solve the problem. I mean for us to get enough money to buy a house in town and to live on, we'd have to be able to sell more than just a half section or a section or 2 sections.

Like, over the years . . . I mean, I don't know how we would work this but it would have to be over a number of years, and they wouldn't, you know . . . And again I don't know what the details are. I mean we've just started thinking of this. But over a number of years they would buy the entire ranch. And so to limit it to, you know, that much, is still limiting what we could do.

Ms. Atkinson: — You see one of the issues for the committee is — and we were advised of this in our technical briefing from the Department of Justice — because our Farm Security Act is annexed under the Free Trade Agreement, any amendments we make, we can't go back. If we don't get this right, we can't go back to what we had. So once we make these amendments, they're there.

I don't know if you . . . From a public policy point of view, we can't amend the legislation to restrict ownership. Once we open it up, it's opened up.

So we have to approach this task very carefully. So one of the things I've been thinking about is, okay, perhaps what we do is we lift the cap. But from your point of view that wouldn't solve your problem.

Mr. Pollock: — Not really. It would help but it wouldn't really solve it.

Ms. Atkinson: — Okay. Thank you.

The Chair: — Ross, thank you very, very much for your presentation. Your time has elapsed but on behalf of the committee I want to thank you very much for taking the time out to come and make your presentation. And you certainly brought a uniqueness to it, a personal perspective, and also I think for the first time this committee heard the perspective from a ranching point of view. So we really appreciate it. Thank you very much.

Mr. Pollock: — Thank you.

The Chair: — Our next presenters will be the Saskatchewan Stockgrowers Association, Michael Burgess.

Thank you. I will ask the committee members to introduce themselves and then we'll turn it over to you. You can introduce yourself and anybody who is with you, and then we will have your presentation. So with that, I'll start with Mr. Osika.

Hon. Mr. Osika: — Ron Osika, MLA from Melville.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Ms. Atkinson: — Pat Atkinson, Saskatoon Nutana.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Mr. Kaczkowski: — Viktor Kaczkowski, Clerk to the committee.

Ms. Harpauer: — Donna Harpauer, Watrous.

Mr. Bjornerud: — Bob Bjornerud, Saltcoats.

Mr. Elhard: — Wayne Elhard, Cypress Hills.

Mr. Weekes: — Randy Weekes, Redberry Lake.

The Chair: — Thank you. And it's all yours, Michael.

Mr. Burgess: — Michael Burgess, third-generation beef producer from Big Beaver, Saskatchewan. Being born and raised in Saskatchewan, I take great pride in this province and I'm honoured to be representing the Saskatchewan Stockgrowers Association here tonight.

After much deliberation at board and zone meetings with members, a resolution was passed by the general membership of the SSGA (Saskatchewan Stockgrowers Association) at the January 2002 semi-annual meeting. The resolution states that the Saskatchewan government should make any necessary changes to farm land ownership legislation to allow any Canadian citizen to own property. It is of the utmost importance that the ownership of Saskatchewan agricultural land be opened up to Canadian citizens.

This change is necessary to attract the capital needed to revitalize our economy as well as repopulate the small towns and farms of this province. Other Canadians should be encouraged to invest in this province, not be prevented from doing so.

The key to success of this change is to ensure that the amount of land taken out of sustainable production by non-agricultural corporations is limited. If land is simply purchased and idle, the economic benefit will be significantly lower. On the other hand, if land is purchased and used for production, the offshoot benefits will be much greater.

For example, if a Canadian citizen, resident of any other province, purchases the land and rents it to a young person, not only is the next generation of agricultural producers given the opportunity to start, but that individual will become a contributing member of the economic community and a pillar of

agriculture.

The SSGA certainly recognizes that agriculture production must be conducted in an environmentally sustainable manner, but the reality is also that perpetually idle land does nothing for the environment nor the economy.

Simply removing the ownership restriction is not going far enough. Let's encourage people to live and build an industry here. A level playing field is the first education . . . a level playing field is the first step in that direction.

In addition to removing ownership restrictions, removal of the education portion of property tax from agricultural land, lower the income tax rate, and let the principal payment for land or house be deductible for income tax purposes. Let's give a message that Saskatchewan is open for business.

Changes of this nature would stimulate the economy. Young people would have a solid start in agriculture and would subsequently pay PST (provincial sales tax), have kids in school, and contribute to the community and province. Perhaps agriculture once again would be a viable, sustainable, and profitable industry. Every farm may not rely on the off-farm income generated just to stay in the black. Retiring producers would have a market for their land and would be able to retire as a contributing member of society instead of being carried off the farm.

Saskatchewan has repeatedly been cited as the land of opportunity. The SSGA wholeheartedly encourages the provincial government to allow full advantage to be taken of this opportunity. Removal of the land ownership restrictions is in step with the natural progression of the economic development of Saskatchewan. It is not the only card that needs to be played, but let's start the game.

The tax burden to Saskatchewan citizens is nearly unbearable and the only solution is to broaden the tax base. The only way to broaden the tax base is to make this province a more desirable place to live.

By opening the ownership laws and removing other regulatory impediments, the population would be free to grow and Saskatchewan would be returned to its rightful place as the greatest province in Canada. Thank you. That's it.

The Chair: — Well thank you very much. You caught me a bit off guard here. We have . . . well we have quite a bit of time for questions and answers. So members . . . (inaudible interjection) . . . Yes. I've been using that word all day and it worked with our presenter instead of our members.

So committee members, we're now open to questions and answers.

Mr. Bjornerud: — Good presentation, nice and short and right to the point. I wanted to make a comment when Ross was up here before but . . . and then listening to Ross and now listening to you, and actually to many of the other presenters here.

These laws were brought in, I understand, probably in 1973, 1974. And my understanding they were brought in it was to

protect Saskatchewan people and farm families from the big corporations coming in and so on — outside money. It was like we put walls around here.

If I'm understanding right, in Ross's and yours too is that those same rules and regulations are probably turning around to hurt the same people that they were actually originally set up to help. Am I getting that from you too? I'm sure that's what Ross was saying.

Mr. Burgess: — Yes, from the organization and talking and discussing the resolution we passed, people say we can compete with anybody in here when it comes to agriculture.

Maybe . . . Like I mentioned about the non-agricultural corporations buying and idling land. We've got a couple in the province quite prominent. They're coming in with money; one with quite a bit . . . or two of them maybe with quite a bit of American dollars and that is very difficult to compete with, and it's not sustainable. Any place you go, especially if you're from the Saskatoon area, you see land that's been idled and it's being degraded. It's not proper production practices and it's not sustainable through the land.

But it seems that it's limiting our capital. We can produce with anybody in the world in Saskatchewan but it's limited our ability to invest. As the board . . . I have to watch because I'm speaking, representing the stockgrowers tonight here and not just myself. But we feel that it has become an impediment to business, to expansion for some people.

When Pat was talking to Ross here about the 320-acre cap, well 320 acres in the Regina Plains is quite a bit different to 320 acres down in the Big Muddy Badlands or south of the Cypress Hills. You know what you can produce on 320 acres. So an arbitrary cap . . . we're a wide and varied province so it's . . . arbitrary rules don't only fit one spot maybe. It's not enough in some places and maybe too much in others. So I think the economy will dictate it.

Mr. Bjornerud: — One other point you make in here that if someone from outside the province comes in and buys land, that the land won't sit idle, that some young person may be able to lease that land and farm it that way. And I guess we all kind of have that mindset that when we start out as young farmers we want to own all our land, and at one time I guess that was possible. I don't think in today's situation with farming that is possible.

And I agree with you. I think that would be one way of possibly a young person could buy a half or a section maybe, whatever the situation allows, but to go out and lease some of this land. It might be a way of getting that young person into farming a lot quicker than the actual way that we would like to see him get in and own all the land.

In fact, down the road, the way farming has gone, he might be a lot farther ahead. If you lose leased land, at least you don't lose your shirt. If you lose your own land and you've paid three-quarters of it off, you do lose everything you've put into it. Would you agree with that?

Mr. Burgess: — Yes. Well like I'm a relatively newcomer.

We've only been on our place for about 60-some years, so being a third-generation beef producer. But my grandfather . . . well my father's born in Ontario and came here basically on his wedding trip. It took him 25 years to finish it because they ended up on the ranch.

My grandfather come from Ontario in the '30s and everybody told him that he was crazy to go to Saskatchewan in 1937, but in the lands branch they were just so happy to see somebody come in with a little bit of money to lease this ranch.

Well we've been there. My sister and I were raised there. My wife, which I forgot to introduce, and my snow shoveller maybe tonight, Tammy here, actually born and raised in the Big Muddy about 4 miles from where I live, except she was on the Montana side of the border and since we've been married became a Canadian citizen. We've raised three kids on the ranch too.

But I guess if these laws had been in place in 1937, I wouldn't be sitting here tonight, because my grandfather wouldn't have been allowed to come into Saskatchewan and invest. And I know my dad says that they were just so happy to see somebody come. This place had been let vacant. They figured the house and the buildings would just walk away, more or less, if they didn't have somebody, a tenant on the place, and we've been there ever since and so.

The Chair: — Thank you.

Ms. Harpauer: — I just want to just follow up a little bit on Bob's questioning because you're right, you hit home. I wouldn't be here today either if we had those same laws. My family is a sixth generation farming in Canada, but not in Saskatchewan. And when my father started, he had to lease land. He couldn't afford to buy it and he leased it from Americans. So I just wanted to reinforce that this is interesting.

Hon. Mr. Osika: — Thank you. And, Michael, thank you for your presentation. These are very, very interesting, both from the different perspectives that people come to the committee and speak about, yes, we should open things up and others that say, well be careful because . . . be careful what you wish for sometimes because it might come true, and then if you can't reverse things what happens.

I'm trying to look at both sides from the point of view of what's the guarantees that people are going to come in and invest and buy up all this land. Are we then looking at perhaps these big organizations coming in, and corporations? And yes, there may be an opportunity for work for our young people if they choose to work in that kind of an industry.

I can't quite bring myself to fully understand how opening it wide open, have people come in to buy up all the land, if you wish, and invest, what kind of returns can we be guaranteed if they choose to do something other . . . with the land, as you said? Some of the land that's bought up and then left idle, perhaps initially it's with good intention and then the land sits.

We've got fewer farms; we've got fewer smaller farms in the census here recently. It's kind of startling and revealing. Why is that? Because the bigger operators are buying up the smaller

ones, we've got fewer farmers but bigger farms.

Mr. Burgess: — Well you have to be bigger. The economies of scale with the tax situation and the expenses, to own the equipment to farm a small farm and with advancement in equipment you can farm . . . like we wondered how the people ever used to farm this country when you see the big air seeders going, but there was somebody on every 160 acres. And it was a 12-foot one-way and they seeded for close to two months. And now you've got big tractors running. They seed 160 acres a day or more, some of these. So you'd mentioned about the people to work on these farms, well who's going to farm them anyway.

You know, if they're getting a wage from a big company that's probably more . . . I know I've worked lots of days and never made wages. Like I told my wife, the odd day I've made a friend, but I haven't made any money and that's kind of the realization of ranching and farming sometimes. There's no hourly wage guarantee when you own your own place and I think that's one of the things that young people that go away to the city, they do make wages and then they look at coming back to the farm and they just aren't willing to give it up.

Hon. Mr. Osika: — And Michael, I think you hit the nail right on the head. Because just thinking to my family — not my personal, my in-laws — and how they evolved, how the family farm evolved from, you know, grandfather to father and then to son and now to other sons — and yet there are those sons that chose to leave and go elsewhere as opposed to stay on the farm.

So the evolution . . . What's the incentive for young people when they see the difficulties in agriculture? Where's that sort of incentive? I know that there's a desire on behalf of some individuals, but everybody has a choice in life to make as to how they're going to develop their future. That concerns me. If there was some way that we could attract capital that could continue with the way of life in rural areas that would be great, but by selling it off, is that the answer?

Mr. Burgess: — Well who's going to say that it's just going to be outside corporations come and own Saskatchewan? We're all working here. If we made it a more desirable place . . . people talk about, well they're just going to live in Medicine Hat and farm in Saskatchewan because the tax rate in Alberta is lower. Well let's make it lower here and make more people pay that way. You know, that there's more people living here that would say, well if we live in Saskatchewan, we could pay a lower tax rate. We'd have more people to spread the burden around. You know, the load is a lot lighter if you've got many hands helping. And that's the idea, to make . . . You know just saying we've got free land in Saskatchewan is not going to maybe make the people want to move here but they'll own it from somewhere else. But if we say Saskatchewan's the best place to live, our tax rates are lower and we're open for business, it's easier to do.

And we understand it's got to be sustainable. We don't want to be an environmental dump ground or anything like that, but we don't want to be just an environmental reserve either where nothing is being produced in Saskatchewan.

Hon. Mr. Osika: — Do you have any concerns about absentee owners?

Mr. Burgess: — Well basically our ranch is all leased land and I guess our landlords live in Regina. So we've been working on that so . . .

Hon. Mr. Osika: — No, but . . . Yes. I meant out of province.

Mr. Burgess: — Well I guess if I sent my cheque to Regina or Winnipeg it's . . .

Hon. Mr. Osika: — Touché.

A Member: — . . . leave that alone, Ron.

Hon. Mr. Osika: — Yes, that's . . . You finished me right there. Thank you.

A Member: — . . . wealth stays here.

Ms. Jones: — Yes. Whether your landlord's in Regina or Winnipeg does make a difference to the lightening of the load of the tax burden that you talked about because an absentee landlord would pay taxes where he is.

Mr. Burgess: — Yes, but if our income tax rate was at a comparable level to the . . . on the provincial levels, because I understand . . . I'm not an Alberta taxpayer but I understand the provincial rate in Alberta is lower and that's the incentive to live across the border, have an Alberta address.

So if Saskatchewan was a desirable place to live . . . You couldn't ask for any more variable in the weather, you know, you don't get bored with that so . . .

Ms. Jones: — I happen to believe Saskatchewan is a desirable place to live.

I'm interested though — we'll go off in a different direction if we could — interested in . . . Both you and Ross before you specified specifically that you thought it should be opened up to Canadian ownership. And it begs the question: why Canadian ownership?

We had a presentation earlier this afternoon — earlier this morning, I beg your pardon — that said that Canada was not the place to glean investment dollars from, that there would be far more investment dollars internationally than there is out of Canada. And yet both of you this evening have talked about opening it up to Canadian ownership.

And so I'm wondering what your rationale is there. It seems to me that there would be more likelihood — and I think everyone's goal is to repopulate and restimulate rural Saskatchewan — it seems to me that there would be more opportunity of people settling here and repopulating rural Saskatchewan if they were resident landlords or even active farmers. And those are most likely to come from outside of Canada. So what is your rationale for limiting it to Canadian ownership?

Mr. Burgess: — Well mine was, that was what our resolution states through the stockgrowers and that's who I'm representing tonight. So I understand . . .

Ms. Jones: — Okay, that's a good answer. You're representing somebody.

Mr. Burgess: — Yes. I have a daughter working in rural development in Manitoba and they have a lot of European families coming into their area. And a lot of them are coming in more intensive — not large landowners, but they are very intensive on the land they do own — whether it's into hog barns or dairy or even more into the horticultural end of it.

And I guess, as you know, trying to get a group of people to agree, this was where we came to with the Canadian citizens. I guess that was a resolution brought from the floor and maybe we'll look at in the future to a resolution about any outside investment, but . . .

Ms. Jones: — Could I ask then, did your resolution start out in this form, or did it start out as an all-encompassing, allowing outside investment, and end up as allowing Canadian investment?

Mr. Burgess: — That was January and I've been branding calves all weekend, so . . .

Ms. Jones: — Come on now, you're representing this organization.

Mr. Burgess: — Yes, I know. I think it came off the floor as Canadian.

Ms. Jones: — In this form?

Mr. Burgess: — In this form, yes. And there was a little bit of talk amongst members, but it didn't come to the floor as a resolution that basically there's no reason to fear investment from anywhere really. You know, if it's agricultural investment, that we can compete, you know, with the production. And if we can't compete, maybe we're in the wrong business. And if they're coming here — somebody's got to operate the land. Like my kids missed school yesterday and we branded calves. You can't hire help to do this.

And I can't see — like I said to my dad — I can't see big corporations buying a ranch because they just won't run. You run into weather like we've had this spring and the 9 to 5 cowboys aren't going to be there to look after it. So they're going to have to have people on the place to manage them. Maybe there will be investment like Ross, but they'll have full-time people living on them.

Ms. Jones: — It was my favourite thing to be able to miss the first week to 10 days of school every fall to help bring in the harvest, so I know what you're saying about your kids missing a couple days of school.

Okay, I was very curious why the last two presenters have specified Canadian. At least the last two — there have been others — but at least you both.

The Chair: — Michael, thank you very much for your presentation. It was much appreciated. On behalf of the committee I'd like to thank you for coming in and making a very informative presentation.

Mr. Burgess: — Well thank you for having us.

The Chair: — The committee will now stand adjourned for 15 minutes to allow us . . . I'm being generous. If you're pithy, you get generosity.

The committee recessed for a period of time.

The Chair: — We'll reconvene the committee — the Standing Committee on Agriculture. Our next presenter is the Action Committee on Rural Economy. I'll ask the committee members to introduce themselves and then we'll have you introduce yourself and anybody who may be with you and then we'll have your presentation.

My name is Ron Harper. I'm the MLA for Regina Northeast and the Chair of the Standing Committee on Agriculture.

Mr. Weekes: — Hi Marsha. My name is Randy Weekes, I'm the MLA for Redberry Lake.

Mr. Elhard: — Marsha, it's good to see you again. I'm Wayne Elhard, MLA, Cypress Hills.

Mr. Bjornerud: — Hi Marsha. Bob Bjornerud, MLA, Saltcoats.

Ms. Harpauer: — Hi Marsha. Donna Harpauer, Watrous.

Mr. Kaczowski: — Viktor Kaczowski, Clerk of the committee.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Ms. Atkinson: — Pat Atkinson, Saskatoon Nutana.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Hon. Mr. Osika: — Ron Osika, MLA, Melville.

Ms. Cannon: — One of these days we'll all have to do dinner instead of meetings. It would be more fun.

ACRE wasn't originally going to make a presentation to this committee. We did have deliberations on this topic and weren't convinced that we had gone far enough. We had deliberations afterward and decided that yes indeed we had some advice to give. So I'm here tonight giving.

My name is, you know, or hopefully know by now, is Marsha Cannon. I thank you, again, for an opportunity to speak to this standing committee. We've been hearing lots from it. It's nice that it's been reorganized and that things are happening.

I farm near Swift Current, I'm a member of ACRE's executive committee, and I served as chair of the farm income farm structure subcommittee. I'm giving this presentation this evening rather than another member of the executive committee because it was my subcommittee that brought forward the discussion on The Farm Security Act.

We drafted the recommendation within my subcommittee which at this time has been approved by my subcommittee and approved in principle by the ACRE committee as a whole. The recommendation regarding farm land security was not highlighted as one of the 40 priority recommendations, as you should be aware by now, but the ACRE executive felt it appropriate in light of these hearings that we gave a presentation.

What I've handed out to you is very brief. I'm aware that the standing committee has the bit that's not brief from the ACRE committee. I pulled very little out of it for this. I pulled the specific recommendation so you would have it in front of you. And I pulled two charts which came from my subcommittee in the statistics we studied and what we were looking at that I think will be helpful tonight.

As this standing committee is well aware, ACRE brought forward a huge final report covering the length, breadth, and depth of rural Saskatchewan. Within the report are many specific recommendations and conclusions but the body of the report highlights specific areas that ACRE feels must be targeted in order to stimulate a fundamental change in the economy of rural Saskatchewan.

We identified these key areas as competitiveness, skills development, infrastructure, sector-specific areas, facilitating change, research and development, and youth. I will not obviously go into all of these things at this time. ACRE's report stands as testimony to how much is possible, as you know how much needs to be done, and how much we need change to happen quickly.

My subcommittee, the farm income farm structure subcommittee was charged with examining the profile of Saskatchewan farms and farmers, the implications of current farm trends, and external and internal factors affecting specifically the farm. From this examination we then looked at what could be done to maximize opportunities for farm families, to remove constraints to their industry, and to slow or reverse negative trends.

Our complete report is found in the supplement to ACRE's final report of which you of course you all have a copy. In brief I'll go through what we found in our subcommittee and what we learned through statistical survey, through interviews with producers, through interviews with groups, and through meetings with a wide variety of people from rural Saskatchewan.

We found that Saskatchewan's farms are incredibly diverse. We couldn't state that there was an average farm. There was no thing that could be identified as a Saskatchewan farm and that gave us a lot of hope that there's much that can be moved within agriculture to make it wonderful again.

We found that the farms are growing larger and the total number of farms and the workforce on those farms is declining, and I've included that chart for you tonight to see just how dramatic that change has become. And you would have read articles this week as well talking about the declining number of farms and the increased size of farms.

Profit margins, as you are well aware, have dropped substantively and continue to decline. The value of farm capital assets including land has not changed dramatically in the past 20 years. The median age of producers remains near 50 years of age. The average farm is relying more and more heavily upon off-farm income to earn a satisfactory living and to cover shortfalls on the farm.

And an interesting thing we found, and this is where we started looking into The Farm Security Act, greater than 40 per cent of farm operators under the age of 35 — the young farmers in Saskatchewan — are engaged in livestock agriculture. And I've included that chart for you as well tonight. And I think that's a telling factor.

Young people are interested in going into those areas where they can earn a significant living and a substantial living out of their agriculture. They're not afraid of hard work and it's a key area that they wish to be involved in.

We also learned, on the other end of that scale, that older producers are having difficulty with intergenerational transfer of their farm operations, often finding themselves staying active in agriculture longer than intended, or forced to sell assets to finance retirement, leaving less viable operations for those following them.

Many of the above issues, discussions with producers, as well as topics that other subcommittees were studying such as competitiveness, immigration, regulatory environments, and access to capital, led us to seek a meeting with the Farm Land Security Board to determine the board's role in or effect on farms and farmers of Saskatchewan.

Our discussion with the board members was lengthy, informative, and fruitful. The conclusion of the members of my subcommittee reached was that this board is necessary, but at the same time substantive changes are required to meet the needs of Saskatchewan's agricultural community.

Mr. Chairman, members of the standing committee, agriculture's investment, its value, and its ability to raise capital is in its land. Saskatchewan has a great deal of it and its true value is only just being discovered. The realization of value is being held back in part by the legislation we're discussing here.

Therefore this subcommittee, and in principle the ACRE committee as a whole, put forward the following recommendation, and I've given you a copy of this as well:

Given that the opportunities in this province far out-weigh the capacity of our internal capital resources, the attraction of outside investment will assist in stimulating growth and economic development within the agriculture sector. In an effort to put our industry on a more level playing field with neighbouring provinces when it comes to attracting outside investment into the industry, the province should consider changes to the Farm Ownership Provisions under The Saskatchewan Farm Security Act.

Our recommendation is that (a):

The provincial government ... remove ... residency

requirements under the . . . Act for all individuals who are Canadian citizens.

And (b), that:

The provincial government . . . examine lifting the ownership restrictions under the . . . Act for specific development corridors or value-added agricultural industries that are known to have significant local . . . impact and are currently generally approved under the existing exemption provisions (things such as horticulture and livestock). The objective (of this) is to encourage outside investment in Saskatchewan into areas that will stimulate growth within the province.

ACRE has made a strong recommendation that we substantively increase value-added and livestock-oriented agriculture production within this province. These industries are more labour intensive and of higher value than traditional grain and oilseed production. This isn't to say that grains and oilseeds should be run out of the province — in no way.

An increase in these sectors would increase the provincial GDP, it would increase our population, it would increase our tax base and generate spinoffs across the province, as well as creating additional domestic markets for those grains and oilseeds and minimizing, or attempting to minimize the dependence on exterior markets.

Youth also need to be encouraged to move to Saskatchewan and to stay in Saskatchewan. The members of ACRE's youth forum told us that youth are interested in Saskatchewan agriculture but that they're coming to it with a desire to enter animal agriculture as well as a desire to run their operations in a business fashion, relying on their farm and their farm alone to support itself and its labour force.

In order to generate the capital needed to finance livestock and value-added operations, Saskatchewan's agricultural producers must be able to borrow upon the equity in their land. Artificially depressing land values has resulted in producers and operations with a dependency on support programs and private credit. It's resulted in operations less able to weather market fluctuations and less able to receive appropriate economies of scale that would allow them to make the best and the best use and best action of their investments. It's taken the sustainability out of the farm.

This Act has also had an effect on those leaving the farm for retirement. Farm families are struggling to keep the farm paying for itself and the primary operator, and they're trying to do this while providing retirement income for the past operator. Farm families do not have pension plans; it is the nature of a self-owned business. Their pension is in their fixed assets, and the expectation is that upon retirement those assets would have appreciated enough to provide retirement income while the farm itself can carry on for yet another generation. Narrowing the potential pool of purchasers for Saskatchewan farm land has meant this is not possible in many cases.

ACRE received letters, we received calls, we received presentations, all from producers asking for help and for options. They told us of land that has been for sale for several

years without receiving any bids from within the province. They told us of being forced to sell the farm away from their children in order to retire. And they told us of struggling to farm well past 65 years of age because they couldn't afford to quit.

The restrictions under this Act touch many of ACRE's key recommendation areas. We must look to attracting youth, investment, diversity, and industry. We must be cautious when we're doing this, though. We don't want to throw Saskatchewan open to the world with a for sale sign on it, but in our caution we must be careful not to harm those whom we purport to help. The Farm Land Security Board must continue to act as sober second thought in terms of large scale foreign purchases or corporate domestic interests.

But if we're to grow Saskatchewan we need an investment from Canada, not just from our million citizens within these four borders. There's too much land, there's too much needed infrastructure, there's too much investment required to force such a burden upon the people of Saskatchewan.

We heard many fears about the implications of changing the Act over time. Fears of corporate takeovers in this province. Fears of becoming a pasture land for Alberta. Fears of driving the price of land past anybody's ability to pay for it. These things simply have not happened in neighbouring jurisdictions of Manitoba and Alberta. There is no reason to feel it should happen here.

Saskatchewan remains a great place to invest. It remains a better place to live and we can't afford to let fear destroy such potential. Therefore the ACRE committee is asking you to consider our recommendation to consider opening the provisions under the Act, and to consider allowing Canadian citizens to purchase land within this province.

Thank you for this opportunity.

The Chair: — Thank you and we'll now open it up to questions by the committee members. I will remind the committee members that we have 15 minutes for questions.

Mr. Weekes: — Thank you. Thank you, Marsha. Interesting presentation. I just want to make a comment or a thought. It seems in this debate that some people may think that this opening up The Farm Security Act is just an isolated item. I would like you to make a comment on, given that ACRE has pointed out we need billions of dollars invested in this province over the next 20 years, I believe, and also looking at agriculture as a whole, we need a trade injury subsidy from the federal government to enhance crop insurance. We've been asking and needing for a long-term safety net for years and years, and these things are very important to the health of agriculture.

Would you agree that opening up The Farm Security Act would . . . we might see an important item but one piece in the puzzle of overall to encourage investment in agriculture in Saskatchewan?

Ms. Cannon: — Oh absolutely. It's not the only answer, no question about it. But it is also a significant portion. Being able to run and be a part of your own operation is the key. It's what agricultural producers want. They want to be able to have their

operation run itself, and in order to do that they need to be able to borrow, as I said, upon their own equity. As long as we artificially suppress that equity, we're suppressing those citizens.

Mr. Weekes: — Thank you.

The Chair: — Thank you, Randy.

Hon. Mr. Osika: — Thank you, Marsha. That was a good presentation. I appreciated your closing comments with respect to having some safety net, if you wish, through the board with respect to the type of corporate foreign investments — the major ones. That's a good caution.

And you referred to . . . and I've heard it referred to Alberta and Manitoba. If there was a change, would that be adequate enough to be equal to the adjacent provinces, or do you see something larger? Smaller? Caps? Have you any thoughts in that respect? I have to admit I'm not sure exactly what Manitoba's or Alberta's is. I mean, how much more open are they? But what are your thoughts on that?

Ms. Cannon: — Well they virtually left unchanged their foreign sections and have opened their purchases to Canadian citizens wide open. We talked about what's the best way to go about it. Should it be blown wide open? Should there be cautious steps made? Should we pick and choose different industries?

And we didn't come to a conclusion on any of those things. What we did come to a conclusion on was that we need have no fear of individuals who are Canadian citizens, and we feel strongly that that should be opened wide.

When it comes to the issue of corporations — what size of corporation, group interests, special interest groups, that sort of thing — it becomes much murkier. You start having more positioning between different groups and different interests.

But their interest in this province I think needs to be measured against their contribution to the province. If their contribution is simply in purchasing land and taking value offshore, that's not a contribution to this province. ACRE was very clear on that. It wanted the changes made in this province to be substantive but they wanted them to be for the people, not for the economy alone. And so there had to be a benefit to the citizens of Saskatchewan.

And if in fact a corporation or an interest group can demonstrate a benefit, via the tax base, via people moving in and doing labour on this operation, via processing coming into the province, that sort of thing, we felt that those were certainly legitimate things and that's why we added part B of the recommendation, to look at things that are value-added, high labour, add to the economic value, tax base, and that sort of thing within the province.

And I think that there's an expanded role there for the board.

Hon. Mr. Osika: — Well I thank you for that, Marsha, and I do appreciate that ACRE did have a lot of thought and wisdom in their deliberations and in their findings. And I appreciate your

presentation here this evening. Thank you.

Ms. Cannon: — Thank you.

Ms. Jones: — Thank you, and thank you, Marsha. In your recommendation you have an A and a B, and the A is very specific to Canadian citizens. B is non-specific. It doesn't say whether you're talking Canadian or otherwise.

Ms. Cannon: — Correct.

Ms. Jones: — Can you be more specific?

Ms. Cannon: — Well the non-specificness was deliberate on our part. As I said to Ron, if a demonstrated benefit can be shown to the province I think it ought not to matter significantly whether that benefit comes from Germany or Manitoba or wherever else, provided that benefit is a demonstrated one.

Ms. Jones: — Thank you for that. Earlier today we had a suggestion that sounded, at least on the surface, intriguing, and that was the possibility of rezoning agricultural land to commercial land. Is that anything that your committee had considered and do you see that as a possibility for, as you've described them, specific development corridors?

That would kind of change the rules because it would no longer be agricultural and would be commercial, but could very likely be agribusiness.

Ms. Cannon: — Correct. We certainly had discussion around that. And our discussion generated concerns specifically amongst producers, that they were unsure whether that would result in land being permanently taken out of agricultural classification, whether it would cause some issues between producers and corporate interests. It's what brought up concern about cash flow differences and how to classify and who would do the classifying and who would make that decision. And so because concern was brought up, we decided not to leave it alone but to gauge our recommendation against what we knew could happen and could be realistic under the existing board with some changes.

We wish very strongly to have all the issues about the land base in Saskatchewan, because it is huge, to be taken under advisement, to be discussed, and to be discussed with producers and commercial interests together so that some of those things can be worked out so that there isn't fear on either side.

But the short answer is, no, we didn't come to a conclusion on that but we did speak of it.

Ms. Jones: — Okay. Thank you.

Mr. Forbes: — Well, that was actually my question about the corridors, so there you go. Thanks.

Ms. Harpauer: — Thank you. And thank you for your presentation, Marsha. When you talked to me, and I know you talk to individuals, you talk to groups, you talk to businesses, you talk to a wide variety of people, and I just . . . I have concerns with picking winner and loser communities and zoning. I know in my area it is so, so diverse in what's there.

Do you see that zoning and picking areas where this can happen and an area where that can happen would be yet another deterrent to attracting business because sometimes the . . . a development or an expansion or an industry happens where that person lives, and the one who has the idea, and the one who wants to make the investment. What is your opinion on that?

Ms. Cannon: — Well, it's an area where we wish, of course, that all the deliberations of the subcommittee could be given verbatim and we would all have time to read them. That's never going to happen.

Most of our discussion when we came to thinking about zones, corridors, and specific areas of value added to recommend, came from other subcommittees, as well as our own, in discussions about things such as the irrigation areas — already a delineated zone — or areas where power and other infrastructure already exist, three-phase power and gas lines for instance in relation to livestock development. Rather than having somebody say I would like to build a hog barn in Nowhere, Saskatchewan, they could say well, you could build it in Anywhere, Saskatchewan because they already have the structure and we've dealt with some of the bylaw issues and that sort of thing.

So that's where our discussion went on it. It wasn't so much a question of picking winners and loser. It was a question of picking things that are already developing along logical corridors; they're developing along main arteries; and they're developing where infrastructure best suits. And we felt it was better to encourage development, and we said corridors specifically because we didn't want to have people thinking in clusters — that it all goes in one place. But rather we wanted people thinking in a line so that we're going thoroughly through environmental issues, through community issues, and you're not picking and choosing individual communities but you're working within our existing infrastructure somewhat better than we currently are.

Ms. Harpauer: — Marsha, do you find these corridors . . . and a lot of it has to do with infrastructure. I know that highways are a big issue in my area because there's a couple of developments going on and they are looking at the highways that allows transportation.

But very unique, north of me is the Doecker Industries, the Kondors, the Schultes. There's about six manufacturers all in a row along the same basic area, and yet I don't believe the government ever told them that's where they could be. It happened quite naturally and that's where the investment dollars seem to be and that's where the ideas seem to be.

Do you find that that happens in other areas and not just manufacturing, but these corridors naturally happen if we just allow it?

Ms. Cannon: — Oh, definitely. And I think again, as much as I can, I'd like to direct the committee's thinking to not so much picking and choosing and saying you can go here, but rather saying it would be easier to go here because this and this is already in place and we've laid out what's there. You're not banned from going elsewhere, but this would best suit your needs and would best build the province.

I don't know the best way to go about that and I know the issues that surround it and already surround some of what's happening.

It was also gauged by our subcommittee as a possible way of easing some of the detractors of changes to the Act into thinking about how changes could be made that could satisfy fears while allowing the province to build.

The Chair: — Marsha, thank you very much for your presentation. And on behalf of the committee, I would like to thank you for a very thought-provoking presentation. Thank you for making yourself available to us.

Ms. Cannon: — You are most welcome.

The Chair: — Our next presenters will be on behalf of the Saskatchewan Cattle Feeders Association. Dennis.

Once again, Dennis, for your benefit, I'll ask the committee members to introduce themselves and then we'll have you introduce yourself, and we'll have your presentation. And with that, my name is Ron Harper. I'm the MLA for Regina Northeast and Chair of the Standing Committee on Agriculture.

Hon. Mr. Osika: — Ron Osika, MLA for Melville.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Ms. Atkinson: — Pat Atkinson, Saskatoon Nutana.

Mr. Fenson: — Avrum Fenson, researcher to the committee.

Mr. Kaczowski: — Viktor Kaczowski, Clerk to the committee.

Ms. Harpauer: — Donna Harpauer, Watrous.

Mr. Bjornerud: — Bob Bjornerud, MLA, Saltcoats.

Mr. Elhard: — Wayne Elhard, MLA, Cypress Hills.

Mr. Weekes: — Randy Weekes, Redberry Lake.

The Chair: — Dennis, it's all yours.

Mr. Lepp: — Thank you very much. Mr. Chairman, and members of the Standing Committee on Agriculture, good evening.

My name is Dennis Lepp. I run a cow-calf backgrounding operation and also a grain operation at Dalmeny which is near Saskatoon. I am past president of the Saskatchewan Cattle Feeders Association. I'm here tonight on behalf of the board of directors of that committee.

The Saskatchewan Cattle Feeders Association is a voluntary beef industry organization representing the interests of some 6,400-plus producers across the province including the associations of the livestock loan guarantee program. Our member operations range from very small to very large and

include cow-calf, grazer operations, backgrounders, and finishing feedlots. The majority of our membership manages grain land as well as their livestock operations.

Over the past several years the Saskatchewan Cattle Feeders Association board and members have worked diligently to formulate a strategy for growth in the beef sector in Saskatchewan. In discussions with producers, industry, and government, several key factors have emerged that would stimulate and build a healthy beef industry. Together with livestock marketers and the Saskatchewan Stockgrowers, the cattle feeders developed a beef development strategy paper which has been included in your package that you've received.

Identified among target needs of the industry are competitiveness and capitalization. The Saskatchewan beef industry already competes easily with neighbouring jurisdictions in terms of feeding efficiency and costs of production. We have proven that Saskatchewan is the most cost-efficient region in North America in which to feed cattle but disparity shows up when we compare our economic and regulatory environment to those of our competitors.

The Saskatchewan Farm Security Act is an example of a regulatory impediment to growth in this sector. The Saskatchewan Cattle Feeders Association understands the well-meaning intent of those who drafted the original legislation. Many decisions are made in good faith that later prove less well thought out than we had hoped.

We now have a track record to examine, and the examination finds the current legislation lacking. The Act was brought in to serve owners of agricultural land and to keep land available and affordable for the future generations. The question before us is: has the current legislation generated a net benefit for Saskatchewan's agriculture property owners? We suggest the answer is no.

Please refer to page . . . or in the back there is five pages of that handout, and the first of the last five. Within the beef industry, we have identified several real and perceived effects of the current legislation. Please note that perceived effects are often as damaging or destructive as those that can be proven real. These effects are as follows.

Artificially keeping the price of land relatively low, resulting in a reduced ability to generate capital based on land equity.

Lack of investment from outside of the province in the beef industry, particularly in the feeding portion of the sector.

Interest in investment in the beef industry from outside of this province is held back by the real and perceived delays, costs and uncertainty of having to go through another regulatory process prior to purchase and development.

Lack of competition and/or buyers for land in many areas of the province.

As the province moves towards increased animal agriculture, there is a concern within the beef industry that the current Farmland Security Board does not have

adequate background or understanding to properly ascertain the needs of the livestock industry and make effective decisions regarding the development in this area.

A competitive imbalance is caused by having legislation different from that in neighbouring jurisdictions.

The livestock industry is (looked at) against a backdrop of this legislation by major lenders, with potential effects of the Act being weighed as a part of lending decisions — critical in an industry with huge capital needs.

Intergenerational transfer is affected by low land values. Producers have difficulty generating sufficient income for retirement while trying to leave a viable operation to the next generation or operator.

Many proposals brought before the Board that deal with a normal operation operating under normal environmental regulation and investing in this province are nearly routinely exempted at this time, begging the question of why the need to go through the board.

In the light of the above effects, at a recent Saskatchewan Cattle Feeders Association annual meeting, our board and membership discussed and passed a resolution concerning the current legislation. Refer to page 3, or the next page. It reads as follows:

Whereas the population of rural Saskatchewan is steadily declining and significant investment in capital and human resources is needed to reverse that trend and

Whereas many areas of the province are experiencing declining land values and poor sales of land and

Whereas Alberta and Manitoba do not restrict the sale of agricultural land to Canadian citizens;

Therefore be it resolved that the Saskatchewan Cattle Feeders Association lobby the provincial government to remove restrictions under The Farm Land Security Act (to) the purchase of land within Saskatchewan by Canadian citizens or open the purchase of land within Saskatchewan to Canadian citizens engaging in high-value/high-labour enterprises such as intensive livestock operations, irrigation, etc., that will contribute significantly to the economic well-being of the citizens of Saskatchewan.

In the light of this resolution and in the interest of expanding, strengthening, and stabilizing Saskatchewan's agricultural sector, the Saskatchewan Cattle Feeders Association recommends that the Government of Saskatchewan enact the following changes to The Farm Security Act:

- Change legislation to allow for purchase of land by individuals who are citizens of Canada;

- Retain the Farmland Security Board to make determination for foreign ownership and domestic purchases by corporations, companies, or organizations;

- Recommend government looks at changes under foreign and corporate ownership portions that allow exemptions for proposals that generate real economic value for the province and have a significant labour requirement such as fruit, vegetables, intensive livestock operations, herb and spice production;
- Recommend government examine benefits of such exemptions being targeted to certain high value areas as irrigation;
- Alter representation on the Farm Land Security Board to reflect expertise in all areas of agriculture, particularly intensive livestock production, so effective decisions are made with knowledge and understanding.

I think it's the last part of your handout there.

The board of directors and members of the Saskatchewan Cattle Feeders Association believe the effects of the above changes on the beef industry would be numerous and immediately beneficial resulting in:

- Increased land values due to increased competition for land resulting in increased available equity for producers to borrow against. This in turn decreases a producer's need for support or programs, allowing him or her to finance a viable operation from within.
- Higher value land would result in a shift to higher value enterprises moving land utilization in Saskatchewan more quickly toward higher profit usage.
- Stimulate new investment in Saskatchewan's beef industry.
- Increase the provincial cowherd thus significantly boosting the fed cattle portion of the industry.
- Increase available expertise and livestock production in the province.
- Higher labour needs in livestock production result in a net population increase, vital to this province's long-term stability.
- Through increased land values, this would enable producers to retire with dignity with sufficient funds while allowing a new generation to carry on competitively while still earning a fair livelihood.

The association would like to use . . . urge changes while also recommending caution. There is still a vital and important role for the Farm Land Security Board to play. Throwing away the legislation in its entirety is not something we wish to see.

Foreign ownership and domestic purchase by interest groups, corporations and companies must continue to be carefully examined and determined by an effective and qualified board to ensure that the province is reaping a real benefit, not just in terms of dollars but also in social and environmental terms.

It is unthinkable that the cities of Saskatoon or Regina would

enact a bylaw stating that only people living within their city limits be allowed to own property in the city. Property values would drop dramatically and there would be much outrage expressed by those who had invested in property as a long-term retirement tool.

Yet this scenario is exactly what we have collectively chosen to do to the residents of rural Saskatchewan. It is time to move forward. Our ability to pass on a viable operation and to retire with dignity depends on the value of our land and assets. It is high time to make these changes.

Agriculture and the beef sector, in particular, depends upon the land base to generate capital with which to operate. Our ability to run forward and benefit from our natural advantages is being hampered by the current legislation. The government has expressed a strong message that livestock needs to play a larger role in the economy of this province. The Saskatchewan Cattle Feeder's Association asks that you please give us the tools necessary to make that a reality.

Thank you for your time.

The Chair: — Thank you, Dennis. I'll remind members that we have now 15 minutes for question and answer period.

Mr. Elhard: — Thank you, Dennis, for the presentation tonight. You know a lot of what you said in reference to the items at the back of your presentation, I think, hit the mark right on. But I want to make one clarification with you and I raised the issue with Marsha as a result of her previous presentation.

When you refer to ownership of land within Canada by citizens of Canada, which both your presentation and Marsha's enunciated very clearly, is that your intent or are you saying residents of Canada?

Mr. Lepp: — Probably residents of Canada. But citizens — a Canadian citizen is obviously a resident, isn't he? Can you be a resident and not be a Canadian citizen? I suppose.

Mr. Elhard: — Yes, you can be a resident and not be a Canadian citizen.

Mr. Lepp: — So therefore I would say citizens of Canada, but not a resident of Canada.

Mr. Elhard: — Right. I guess you presented a bit of an analogy, and we've heard that similar analogy from one of the other presenters today about the outrage that would be incurred if the cities of Regina or Saskatoon imposed an ownership ordinance on people who weren't residents of the city already.

And if I took that a little bit further, I don't think there's any law preventing anybody from coming to either of these cities from outside the province or outside the country and buying a home. And not only one home, but many homes. In fact this particular city is the home of a company that owns a lot of rental apartments, they all have the same name over the doorway. And so we don't see that as unusual when it comes to ownership of property in the cities.

So I'm wondering how we can distinguish or why we ought to

distinguish about ownership coming to this province from outside of our boundaries but within Canada, and not allowing that same opportunity for ownership from outside of the country? Is not the same principle of benefits that you've enumerated here going to accrue if the ownership is in foreign dollars and not just out of province dollars?

Mr. Lepp: — Okay, the difference — how I see your question — is on foreign ownership. It's happening in my area because we're closer to a larger city — Saskatoon. We're in some intensive livestock operations, dairy and poultry in particular, where you have people coming in, becoming residents and citizens of Canada, and they're purchasing these livestock operations and they're moving in and operating them.

That doesn't seem to be a problem. We have no problem with this. It is better for the community. They're bringing in their money. But when you are a citizen of . . . you have more problems being a citizen of Alberta and wanting to invest in Saskatchewan. You have a lot more problems — and want to stay a resident of Calgary or Alberta — than you would be as a foreigner coming in and staying. It's far more difficult to be a resident, a Canadian citizen, investing in Saskatchewan than a foreigner.

Mr. Elhard: — I suppose the assumption that you're basing that comparison on is that foreign owners . . . or foreign money is followed by foreign owners who come here and live, whereas in the Alberta example you gave, the chances are that the Alberta resident may stay in Alberta while they're owning land here.

But do we really have . . . is there a realistic fear of having large-scale foreign investment in Canadian and specifically Saskatchewan farm land as just a corporate investment? I mean I'm just wondering if given the small return on agricultural investment that we experience on a daily basis now, why would anybody from Europe want to buy land here as an investment? Is there any risk of that in your understanding of the Canadian agricultural scene?

Mr. Lepp: — So your question is, is there any fear that someone from Europe that would want to stay a resident of Europe and buy large tracts of land — is there any risk? I guess we haven't seen it where someone would want to invest, but I believe that's why we need the Farm Land Security Board to be able to examine if there is going to be.

If someone has enough money to buy out a township and eliminate your small towns, your schools, and take away . . . you know maybe some of these RMs, maybe they only have 1,000 people in them. And if someone comes up and buys the township, if that is a possibility. Because Saskatchewan is by far the best buy in the world today. It's the best buy in Canada and the best buy in North America. That's a given.

I spent a whole day at meetings put on by the Law Society at the University of Saskatchewan in Saskatoon and there were speakers from across the country, and all the way from Vancouver, Alberta, and Manitoba. People that were involved in the change of their Act in Manitoba, they didn't see anything happen like overnight.

But there have been many options where people want to invest through people that are operating. They want to invest money, let's say through myself, but they need security so they want to put their security on land. But they want to stay in Vancouver and they can't do it right now, be continue to be owners.

So through that way, that is one of the biggest areas like we've made serious — personally — I've made serious attempts in bringing in money out of Calgary. Where that money came from I don't know, but it came out of Calgary. And they said where is this application made — the broker I was talking with. Saskatchewan. Want no part of it. There's too many impediments involved in investing in here.

I have tried for five years to bring money in from outside of Saskatchewan, and seriously tried. Last year alone I spent \$15,000 in brokers' fees and so on trying to bring money in. And I'm confronted every time with, not only the real problems, but the perceived problems, the combination.

And we're in the process of doing the same thing all over. This time I'm up to 25,000 that I've invested in trying to bring outside money in.

Mr. Elhard: — If we went to a regulatory regime where Canadian residents or citizens could buy land in Saskatchewan and we didn't realize the fears, the bogeymen, the consequences that seem to confront us when we discuss this issue, do you think your organization would support opening up the rules to a broader investment at a later time?

Mr. Lepp: — I believe they would. We are definitely not suggesting to throw it open. Manitoba did not go as far as Alberta, but it hasn't done . . . seemed to do any damage in Alberta being as open as they are.

The changes that we're suggesting is that we want to be open for business and we want to have outside investment in this province. That's what's holding us back is outside money coming in because they can't lay their hands on the security that they need.

Ms. Atkinson: — Yes, thank you very much for the presentation. When you talk about trying to bring in money to the province, are you talking about bringing in money for cattle?

Mr. Lepp: — Yes, increasing the cattle livestock side of it, but we have to use our equity which is in land.

Ms. Atkinson: — So when you say that you're trying to attract investment to the province and you've spent all this money and you've had brokers, is this to invest in cattle or is this to invest in land?

Mr. Lepp: — I'd say probably 100 per cent of it was livestock, increasing the livestock side of it, but I needed my land base as security.

Ms. Atkinson: — You did?

Mr. Lepp: — Yes, and they couldn't use the land as security because it was in Saskatchewan.

Ms. Atkinson: — Okay. Okay, because as you know, cattle don't come under The Farm Land Security Act.

Mr. Lepp: — I know but I have to use the land as security.

Ms. Atkinson: — So what you're talking about is using your land base to secure outside investment to pay for cattle. So why isn't your land good enough?

Mr. Lepp: — It's because they become . . . if they hold . . . they cannot hold the security on the land properly. And we were able to explain that it was possible, but the perceived problems seemed to be almost greater than the real problems.

Ms. Atkinson: — It is possible. So what you're . . . it is possible.

Mr. Lepp: — Yes, there is a possibility. Yes.

Ms. Atkinson: — Yes, it absolutely is. Okay. So what you're talking about then is the outside investor from Vancouver or Calgary has a perceived problem. It's not an actual problem or a real problem but it's a perception.

Mr. Lepp: — It is a real problem of the perception, yes. I mentioned that several times, of the perceived problems of . . .

Ms. Atkinson: — Right. Okay, thank you.

Mr. Forbes: — When you were talking about Saskatoon and Regina my ears perked up and I have to make a comment that that was a pretty good analogy. But I would caution you to how far you go with that, because, you know, the riding I represent is a downtown core area and we often deal with absentee landlords.

And it gets to be a real problem because I think it's quite fair to say that it would be a shame to have a bylaw saying that you can't own a house in Saskatoon or you have to be a resident of Saskatoon. But we do have a problem with absentee landlords and we do have the Rentalsman, and I sure would hate to see the Farm Security Board turn into a rural rentalsman where we're dealing consistently with absentee landlord, but I don't think that's the image that you see down the road.

But I just want to throw out that caution because that . . . if we were, that's the worst case scenario. We had somebody who had that metaphor analogy a couple of times today, and we've been thinking about how it feels, how it would be to work for an absentee landlord who has no commitment to the quality of life in rural Saskatchewan. I think ACRE talked a lot about quality of life in rural Saskatchewan, and it's really important to have people here, and I would think that you would agree with that as well. That's the critical part of this whole piece, and that's why this is such an important part.

So I appreciate your comments about the Farm Security Board but . . . Thanks.

The Chair: — Dennis, I'm afraid the time has elapsed. I just want to, on behalf of the committee, thank you very much for being with us and giving us a very enlightening presentation, and thank you for your efforts.

Mr. Lepp: — Thank you.

The Chair: — We are very pleased to have you here. Thank you.

Now being the time of adjournment, I will introduce a motion of adjournment. Wayne, thank you. The committee stands adjourned until 9 o'clock tomorrow morning, a.m.

The committee adjourned at 21:38.