



Standing Committee on Agriculture

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**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 at 9:01.

The Chair: — Well good morning, I will reconvene the meeting of the Standing Committee on Agriculture. Our first presenter today is Ducks Unlimited. I will first start off by having the committee members introduce themselves and then I'll ask your spokesperson to introduce himself and whoever may be with him and then we'll have your presentation.

My name is Ron Harper, I'm the Chair of the committee and the MLA (Member of the Legislative Assembly) for Regina Northeast. We will start with Mr. Osika.

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

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

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Hon. Mr. Wartman: — Mark Wartman, Regina Qu'Appelle Valley and I'm sitting in for Pat Atkinson today.

Mr. Fenson — Avrum Fenson, researcher for the committee.

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

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

Mr. Elhard: — Wayne Elhard, MLA Cypress Hills.

Mr. Weekes: — Good morning. Randy Weekes, MLA for Redberry Lake.

The Chair: — Donna Harpauer, who is also a member of the committee is also the Vice-Chair and she is doing the last half of the phone-in show that I had to leave to get here. So with that we'll turn it over to Ducks Unlimited.

Mr. Moats: — Thanks very much. My name is Lee Moats. I'm the director of strategic development for Ducks Unlimited, but fortunately I'm located here in Regina. I'm joined this morning by Brent Kennedy who is our manager of field operations for the Regina area in southern Saskatchewan and two of our directors, Gavin Koyl, and — here I am searching for names already — Fred Wagman. Pardon me Fred, just a little mind block. I was just talking to him moments ago; there I am.

I'm pleased to have the opportunity to present to you this morning and talk about farm ownership or about land ownership as it relates to habitat conservation in Saskatchewan. This morning I hope to address three main issues.

The first is a little bit about the identity of Ducks Unlimited, who we are; talking about legitimate land uses for land in Saskatchewan and then talking about The Farm Security Act and its impact on habitat conservation in this province.

Land ownership and the responsibilities that accompany that privilege is something that I'm intimately familiar with. In addition to my role on the executive staff of Ducks Unlimited

Canada, my family and I are third generation family farmers in the Riceton area where my wife and I farm 1,700 acres. In my role as a farmer I'm also president of Winter Cereals Canada, because I'm a winter wheat advocate. And in addition to that I do a number of other things like, I'm the secretary of the Riceton Co-operative Association Limited.

Saskatchewan has radically changed since my grandfather and even my father began their farming careers. As most of us know, increases in farm size have not only made neighbours farther apart but has led to the demise of our communities, small towns, and businesses, and schools, and so on. In fact it was interesting for me to note that the school division that my kids go to has half the enrolment now that it had when I went to school there 25 years ago. So I'm well aware of what's happening in rural Saskatchewan because I live there.

The perceived kind of solution to our rural dilemma until this time has been to develop more land into productive states. Development can take many forms, including building feedlots and pulse processing plants, and encouraging industry such as the recently announced ethanol industry.

Unfortunately continued development of land through breaking and clearing and draining has been the solution used by many rather than looking for those value-added activities. Destruction of habitat is often the result of responses to the ever increasing tightening margins in the annual crop production. I understand these harsh realities but I also believe that the current practice of continuing to develop more land at the expense of habitat is not sustainable or responsible.

Most other industries have a much different response to declining marginal costs. When marginal costs exceed marginal returns, they change their production practices. And we only have to look as far as the outskirts of Regina at the IPSCO plant to know what happens when their costs exceed their returns.

Unfortunately, probably, in farming we look at production as our means or our salvation of getting out of the low margin dilemma. And it seems to me that this business of bringing more land in production when our margins are low just doesn't make sense — although I participate in that activity myself.

It seems to be human nature for us that we value only those things that are rare. We place emphasis on the protection of endangered species such as whooping crane, piping plover, and burrowing owls while tending to take other wildlife for granted, or even consider them for a nuisance. If we continue to pass by the opportunity to protect wildlife in Saskatchewan, we guarantee that more species will find their way onto that endangered species list. Habitat conservation is a critical component in preventing that endangered species list from expanding.

Excepting for the small portion set aside for parks, our entire land assessment system and terminology indicates that agriculture is really the only . . . that real legitimate land use. I hope you understand that I'm a grain farmer and I'm not disputing that annual crop production is a vital component of the Saskatchewan economy. Rather I submit that we, as the people of Saskatchewan, need to declare that land not used for

agriculture is not wasteland at all, as indicated on our land assessments, but is a legitimate and very important land use.

You know many producers feel a strong sense of obligation to preserve habitat on their land as part of the responsibility of landownership. However many Saskatchewan landowners have indicated to us and other conservation agencies that they don't want to or can't go it alone and they want to be compensated for the wildlife habitat and the other ecological goods and services that they provide, particularly if it . . . if that provision results in reducing their net income.

Conservation agencies like ours are positioned, and indeed do, provide society with a mechanism to shoulder their share of some of that responsibility. People throughout Saskatchewan, Canada, and North America have chosen to make Ducks Unlimited Canada their means of conserving the habitat they value. A significant portion of Ducks Unlimited Canada's budget comes from American citizens who value our habitat — not only to visit it, but because they value the wildlife that use this habitat as part of its life cycle.

The funding and the governance of Ducks Unlimited Canada is something that I hope over the next couple of minutes to clarify for you. First, Ducks Unlimited Canada is a Canadian not-for-profit corporation. Seven of Ducks Unlimited Canada's board members — two of whom are farmers — are from Saskatchewan, including our first vice-president, Mr. Jack Messer; our second vice-president, Mr. Peter Carton; our treasurer, Mr. Ron Hicks; and joining me today, of course, are Gavin and Fred.

Ducks Unlimited Canada has participated in the North American waterfowl management plan since 1986. The federal governments of Canada, the United States, and actually Mexico as well signed that plan as a strategy for co-operation between the countries for the conservation of waterfowl. In Canada, Environment Canada serves as a coordinator for the plan. In Saskatchewan, the Saskatchewan Wetland Conservation Corporation provides that function.

Funds coming into Canada from the plan are not recycled tax dollars. They're new additions going into Saskatchewan's economy.

North American funds are targeted investments into initiatives that provide long-term benefits. These include a whole array of things like range land management, new cropping alternatives such as winter wheat, habitat restoration such as forage development and, in some cases, habitat purchase.

Ducks Unlimited Canada currently employs 80 full-time people in Saskatchewan. Many of them are Saskatchewan farm men and women.

Establishing a definition of viable land use in our province means accounting for the interests of all stakeholders. Ducks Unlimited Canada represents a number of stakeholders who share a common vision. Our vision statement is a mosaic of natural restored and managed landscapes capable of perpetually sustaining populations of waterfowl and other wildlife. Our habitat vision and the future of rural Saskatchewan are intertwined and I, like many residents of the province, believe

that a profitable and ecological sustainable agricultural industry is integral to that future.

Ducks Unlimited Canada's investment in an ecological sustainable and profitable agricultural industry is unparalleled by any other conservation agency in Canada. Last year, DUC (Ducks Unlimited Canada) assisted producers in the conversion of 50,000 acres of cultivated land to perennial forage and our long-term plan is targeted at 800,000 new acres.

Ducks Unlimited has not just dabbled in agricultural extension. We were recently recognized by the Saskatchewan Institute of Agrologists when they awarded us their Agricultural Excellence Award for our initiatives in the agricultural extension area. Over the next five years, our expenditures in this area will amount to probably about \$20 million.

The support base that DUC enjoys in Saskatchewan, I think speaks volumes to the value our programs bring to the province. As a Saskatchewan person, I'm proud to say that Ducks Unlimited raises more money per capita here in Saskatchewan than anywhere else in Canada. This support was reaffirmed in a recent survey of 350 Saskatchewan landowners of which 74 per cent who had an opinion felt that 2 per cent or more of the land in their municipality was an acceptable percentage of wildlife conservation organizations to own.

Currently DUC owns 132,000 acres of uplands and wetlands in Saskatchewan and that is approximately one-fifth of 1 per cent of our 65.5 million arable acres. Unfortunately during the time period of the past 10 years or so when we acquired most of that land, we lost in Saskatchewan about 160,000 acres of habitat that were destroyed by a variety of means. So we're hardly keeping up.

Ducks Unlimited Canada has come under some scrutiny for managing land for wildlife . . . with wildlife habitat as a top priority. The value of our land from a waterfowl perspective speaks for itself, but this habitat provides other significant benefits — ecological, sociological, and agricultural benefits.

Protection of wetlands, which has been DUC's mandate since 1938 when we were incorporated, not only provides homes for hundreds of species of wildlife in our province but also serves as a filter for many contaminants, thus purifying our drinking water. Wetlands provide groundwater recharge. They provide flood protection during years of high runoff. And, conversely, they provide water for domestic and livestock use during drought years. They also provide excellent recreation and education opportunities for adults and youth alike.

DUC's management of uplands as wildlife habitat has undergone equal — if not greater — scrutiny than our protection of wetlands. Providing upland acres that are managed as wildlife habitat ensures safe nesting sites for waterfowl and provides homes for many non-migratory wildlife species. This means discontinuing annual crop production on these lands and instead managing to ensure a vigorous stand of grass, including the use of haying or grazing. The resulting stands are often viewed as a resource that's underutilized by many neighbours because wildlife habitat has not been deemed a valuable use of land — something which we hope to change.

This year, for the first time since we began purchasing lands, we're faced with a severe and widespread drought. And a benefit, we think, of having our lands not annually used for agriculture is that in years of extreme drought they can be used as a forage reserve to soften the impact.

Ducks Unlimited Canada feels a responsibility as a corporate citizen and also as a good neighbour to contribute where we can during times of need such as this. But to be true to our mission and supporters, conservation lands must be managed with wildlife as a priority in the normal wet and dry cycle that we experience in the province.

As you're all aware, the current Farm Land Security Act requires Ducks Unlimited Canada to submit every proposed purchase to the farm land ownership board for review and approval. These projects are reviewed on their individual merit. It's our opinion that the farm land ownership board does not have adequate guidelines set before it to pass judgment on our submissions without the use of their personal biases and opinions.

Of the 442 submissions that we've made over the past 10 years, 97 per cent have been approved. This can be viewed in one of two ways. One, that DUC and the farm land ownership board have worked efficiently together to find a place for wildlife lands in our province.

The second view, and the one that I intend to expand on further, is that the farm land ownership board is a bureaucratic hoop that has been unable to provide leadership or guidance as to the validity of the use of Saskatchewan land as wildlife habitat. This point of view is reinforced when you further examine the record of deferrals.

The farm land ownership board has in the same 10-year time period deferred judgment on 65 projects. Of these 65, 61 were approved. The deferral process leaves vendors hanging, results in undue hardships for them and their families. And attached to my presentation, in your folder, you'll find a letter written by Ms. Gail Schutz demonstrating the frustration and anguish created by this deferral process. And she is typical of the kind of communication we receive on that particular issue.

Throughout the relationship that DUC has had with the farm land ownership board, the main point of contention has been based on philosophical opposition to using Saskatchewan land as wildlife habitat. The farm land ownership board expresses its opposition regularly by asking questions such as, why can't wildlife habitat lands be used annually for agriculture? And secondly, why should land with agricultural capability be taken out of production?

Well the Government of Saskatchewan, through its diamond legacy sponsorships of Ducks Unlimited Canada by Saskatchewan Environment and SaskPower, has demonstrated this commitment to wildlife habitat as a legitimate land use. The current Farm Land Security Act and its land ownership provisions is in my opinion contrary to that commitment.

Further to this, the Government of Saskatchewan put The Conservation Easements Act in place to serve as a mechanism for conservation agencies and landowners to meet their

stewardship goals. The farm land ownership board was originally supportive of this initiative. Unfortunately a combination of ambiguous wording regarding their role, and an opposition to preserving the ecological integrity of habitat at the expense of future development such as wetland drainage, has served to place the board in kind of a roadblock position to utilizing that Conservation Easements Act.

Vendors who want to sell their land to DUC often express frustration over the fact that they have to get permission to sell their land to a conservation agency. And I'd ask you to put yourself in the place of an individual who wants to sell their property to Ducks Unlimited Canada or another conservation agency, particularly if they're doing so in an effort to pursue their own personal commitment to conservation. I think it's unfair in our free and democratic country that private individuals cannot of their own free will sell land to a well-respected conservation agency that is accepted by provincial and federal governments.

Attached to my presentation is a letter that Ducks Unlimited Canada recently received from Mr. Richard Ozytko who sold his land to us as a means of achieving his personal conservation goals, like many other people who sell us their land.

To add insult to injury for us the bureaucratic process of meeting the request of the farm land ownership board cost Ducks Unlimited Canada \$200,000 annually in staff resources alone. Our funders, including Saskatchewan Environment and SaskPower, expect Ducks Unlimited to spend their money on habitat conservation rather than bureaucracy.

As elected representatives of the people of Saskatchewan I respectfully ask you to first make wildlife habitat a legitimate land use thereby clarifying the value that the people of Saskatchewan place on natural heritage. And second, exempt Ducks Unlimited Canada from the Farm Security Act, as the Wildlife Development Fund and the Saskatchewan Wildlife Federation currently are. This exemption in our opinion should be based on the long-term business plans that we have.

I'd like to thank you for conducting this open-hearing process. I'm convinced that the diverse backgrounds of your committee will help facilitate the inclusion of a wide range of views on the issues.

Agriculture makes an important contribution to our provincial economy and social fabric, so does our natural heritage. This resource has been taken for granted in the past and we must protect what remains so that future generations of Saskatchewan citizens can enjoy wildlife to the extent that we do today. We are betraying the pioneers who established our province and our children and grandchildren if we don't use some of our rich land base to ensure Saskatchewan's natural heritage is preserved.

Wildlife habitat not only benefits wildlife but people through the benefits of water quality, biodiversity, and ecological future . . . and ecological future. By allowing conservation agencies such as Ducks Unlimited Canada to purchase land and receive donations of land and land rights, you are allowing all parts of society to assume their share of the cost of habitat stewardship. Thanks very much.

The Chair: — Thank you. We'll now have a question and answer period, and I'll remind the members of the committee that we have 10 minutes for questions and answers.

Mr. Elhard: — That's a pretty thorough report and I thank you for the presentation this morning.

One question that kind of jumped out of your presentation. You talked about a goal of purchasing and setting aside about two per cent of Saskatchewan's total acreage, that's the goal of Ducks Unlimited for conservation efforts. Is that right?

Mr. Moats: — No, that two per cent reference was us asking rural landowners what they would consider acceptable proportion of land owned by conservation agencies. And the response was that 74 per cent thought that 2 per cent or more was acceptable.

Mr. Elhard: — What is your goal as an organization?

Mr. Moats: — I'm just going to grab the number. Brent, go ahead.

Mr. Kennedy: — Yes, our goal basis, our business plan, which just in the last six months we've completed a thorough analysis of, we feel that over the next 25 years we'd likely have to purchase about another 150,000 acres to meet our long-term vision and long-term goals of wildlife habitat.

So the total of that 150 with the present 130 that we own — 132 that we own — brings us still well less than 1 per cent of the arable acres in the province.

Mr. Elhard: — Of the land you own, can you say with some certainty that it is well-spread-out throughout the province or is it concentrated primarily in areas that fall within the fly pattern?

Mr. Moats: — Our lands are purchased on the basis of their utility for waterfowl habitat, which is not evenly distributed. So areas of the highest wetland concentration are the areas where our land purchases are located.

Mr. Elhard: — Are you aware of the fact that that concentration of ownership in certain areas has caused considerable public concern in terms of the loss of land for productive purposes, I suppose, or agriculture I guess is a better way of phrasing that. But more pertinently I think is the loss of people in that area. I understand there are some RMs (rural municipality) where Ducks Unlimited now are the largest landowners and the RM is largely depopulated because of that.

Mr. Moats: — Yes, I'm not sure that you can make the claim that we've depopulated municipalities. I've got a couple of examples that I could share with you where we have the highest concentration of our projects.

One is in Bob's riding where our land purchase program in that particular area amounts to 16,000 acres in his riding, which is 1 per cent of the land base.

We are very aware of concerns and we've, I guess, haven't entirely responded to them yet because . . . we've become more aware in recent times because the concerns are a lot larger and

it's an issue that we have to address. There's no question about that.

I find it hard to imagine that the level of landownership that we have causes that depopulation, and when we've looked at where depopulation has happened, we can't pick up a pattern that's related to our land purchases. You may have other information of that but it just doesn't seem that way. We're anxious to see the recent census information so that we can, we can use that as evidence that we are or aren't causing that kind of exodus.

Mr. Elhard: — And one further question I want to ask. You referred to the impact of the drought and that there is, you know, concern about this year's consequences. We had a serious drought throughout the province, especially in the Southwest, last year but it extended through a good part of the province.

And one of the complaints I heard repeatedly about conservation land set aside by Ducks Unlimited and other similarly oriented organizations was that while there was grass on that land that could have been hayed and made available for desperate agricultural needs, many of the organizations didn't show themselves to be good neighbours in that respect. Would you address that, please?

Mr. Moats: — Yes, I think that that's probably a fair critique. We didn't respond soon enough I think would be the critique, and I certainly accept that there is some merit to that. I think that we were surprised like everyone else. We expected it to rain and it didn't.

This past winter we've examined what, what the situation is and of course the predictions are that it will be very dry again. And we've opened up a considerable amount of those conservation lands, the ones that we think would be suitable and have productive capacity there — 40 per cent is what we think will fit that need. And we've opened that up to allow producers, either through a tendering process or in some cases the previous owner or current landowner has the rights to those grazing or haying rights. And so we've opened that up.

And incidentally, we have always opened up our wetland projects to provision of water for livestock and for domestic use. That's been a long-standing policy.

So I hope that we've responded better. And we do endeavour to be the good neighbour. Sometimes, and the last year was an example, where we just didn't move fast enough.

The Chair: — Five minutes, five minutes.

Mr. Weekes: — Thank you for your presentation. I'd just like to go back to the question that Wayne had about the number of acres that you're planning to put under conservation.

I'm looking at a conservation cover initiative dated October 17, 2001 prepared, and it says . . . My numbers show that the targeted areas is 2.8 million acres. And it also goes on to say that half the, half the amount of acres that you're planning to put under coverage is in Saskatchewan. It seems to be a high percentage in Saskatchewan. What are the main reasons why you're targeting Saskatchewan over other areas in Canada?

Mr. Moats: — When we made that proposal, we based it on the same kind of criterion that the PFRA (Prairie Farm Rehabilitation Administration) used for the previous conservation cover program which was targeted at marginal lands or what are considered to be marginal lands — class 4, 5, and 6. And it happens that Saskatchewan has of course the vast majority of cultivated acres in all of Canada — I can't remember the number, but it's 50-some per cent.

And it follows then that the vast majority of those marginal acres would be in Saskatchewan, and we're not blessed in all cases with the very best soil. The acreage is relevant to the marginal land criterion. That is an agricultural objective to take that from annual crop production which it might be less suitable for and to move it into grass. So that's why the acreage concentration is there.

Happily for us, if that proposal were to go through, that corresponds with where a good portion of the good wetland base is and where waterfowl habitat is.

But that targeting is not based on waterfowl habitat. It's based on marginal land.

Mr. Weekes: — Just one follow-up question. Again speaking to rural revitalization and development and growing Saskatchewan, it seems that — at least the perception is — Ducks Unlimited is in conflict with that concept of what many, many people feel needs to happen out in the rural areas.

And I guess the concerns that are brought to me is where Ducks Unlimited fits in to helping young farmers stay on the farm and revitalizing rural Saskatchewan, and you know contributing to small communities and so on and so forth. And also the whole area of easements and, you know, really taking that land out of production forever in many cases. I'd just like to hear your comments on that.

What do we say to people that are out there wanting to buy this land for grazing and development?

Mr. Moats: — Okay, well first the conservation easements. The Conservation Easements Act was put in place, I think rightfully, to allow people who have an interest in protecting what they protected in the past for the future. And it's up to them.

So in terms of whether the land would be idled or whether it's a case of protecting it from being broken or whatever the rights that they would give up is up to the landowner, not up to us. We provide, as a conservation agency, the opportunity for them to do that.

So I guess the idea is that someone who has protected their land for their lives and wants to protect it into the future, even if they disperse the land, has an opportunity to do that. And it doesn't have to be idle. Even though that would be our preference is that it be idled, it doesn't have to be. And our expectation is that many people won't want to do that. The conservation easement provisions allow for that.

With respect to rural development, I think one of the aspects that we have in Saskatchewan that — and I have it out in my

own farm too — is we think that the annual crop business is rural development. And the evidence is, in my community, is that, you know, in the last 25 years since I originally left the farm and came back, you know, it's about . . . it's decimated. And the annual crop industry isn't . . . isn't supporting the infrastructure that we have.

I am not sure whether the alternative that we provide for wildlife habitat and for all of the ecological value that's there replaces that entire agricultural economy if it removes it. But that would certainly be our hope, that it goes a long way towards doing that. And in the case of the conservation cover incentive program, the intent there is to provide an income stream that's not dependent on the vagaries of the agricultural market to the landowner that can provide him with some stability and hopefully keep him there. Whether it does that or not, that's one of the intents.

So if a person enrolls a portion of his land in that particular program, if it were to come to fruition, he would have an income stream that isn't related to the price of wheat. And in my view, on my farm I think that would be a good thing in terms of diversifying the income stream and giving me some stability. It may not come to pass, but that's our intent.

So I hope that is very consistent with supporting people on the farm.

The Chair: — Bob, one question. Make it a good one.

Mr. Bjornerud: — I guess the problem in my area as you well know, when you talked about keeping our schools and our rinks and everything open out there, and I have a hard time understanding how taking land out of production and leaving it idle is . . . I can't say it's hurting our population in rural Saskatchewan but I certainly can't see how it's doing any good for it.

The word that I'm having a problem with is perpetuity. You're talking about paying farmers to leave land that is possibly wasteland, if I understand it right, but forever. When that landowner goes on and sells, and then I really have a problem with that. Because we don't know, you don't know, and I don't know what's going to come in the future, what changes we're going to see to our environment, whether it be weather or what it is.

And I guess I have a problem with that and I think it's a scary word for many of the landowners out there because that land is gone forever in their minds.

Mr. Moats: — Yes, perpetuity is a word that . . . it implies forever. And if we're talking about legacy and ecological values, you know there is a very long term to that. And they're very important as well. And we have lots of examples of short-term kind of thinking and taking short-term actions that have been . . . that haven't been very positive in the long term.

So I guess the perpetuity word or the provision was put in The Conservation Easements Act by this legislature, not by Ducks Unlimited. And although we're taking the heat for that, it seems to me that that's a societal, that's a societal value that's been put in the legislation that we have. And so we want to take

advantage of that because we think that's in the interest of preserving our natural heritage. But it's not up to us. And so if that provision of The Conservation Easements Act is something that isn't a good provision, then that's for the legislature to decide on behalf of society to take it out of there and to put something else in its place.

But we totally support it. We think it's a really good thing because we think natural heritage and ecological preservation is something that is very long term. It isn't like the income this year or surviving this year. This is forever and those values are forever and they need to be protected forever. So we strongly support it. But it's the Act of the legislature that puts it in place, not Ducks Unlimited Canada.

The Chair: — Thank you, Lee. I'm afraid your time has expired. So on behalf of the committee, I'd like to thank you and your group very much for a very thorough presentation. Thank you.

The next presenters before the committee will be the Prairie Alliance for the Future. And we'll ask them to take their positions.

Morning, Kyle. What we will do is, I'll ask the committee members to introduce themselves and then . . . Order, please. Could we have order, please. We'll ask committee members to introduce themselves and then we'll ask you to introduce yourself and Roy, and then we'll have your presentation.

So with that, my name is Ron Harper. I'm the MLA for Regina Northeast and the Chair of the Standing Committee on Agriculture. And Randy, we'll start with you.

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

Mr. Elhard: — Good morning. Wayne Elhard, Cypress Hills.

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

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

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

Mr. Fenson: — Avrum Fenson. I'm researcher to the committee.

Hon. Mr. Wartman: — Mark Wartman, MLA Regina Qu'Appelle Valley and I'm sitting in for Pat Atkinson today.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Hon. Mr. Osika: — Good morning. Ron Osika, Melville.

The Chair: — Kyle, if you'll introduce yourself and Roy, and away we go.

Mr. Korneychuk: — My name's Kyle Korneychuk and I farm in the Pelly area — that's north of Canora — and I'm the Chair of the Prairie Alliance for the Future.

Mr. Atkinson: — My name's Roy Atkinson. I farm at Landis.

Mr. Korneychuk: — Okay, maybe just before we get started, I'd like to read in a couple of corrections in the presentation. First correction's on the last page where it says, the Prairie Alliance for the Future. That should actually be the Co-operating Friends of the Pool.

And at the bottom of page 4, it should read, the Chair of the Prairie Alliance for the Future. I'm not sure who the Canadian Alliance for the Future is . . . (inaudible interjection) . . . Yes, we won't go there.

I'd like to thank the committee for taking this time to hear the presentation. But I would like to make a point before I start. I think it's rather significant that we're talking about farm land and we're holding these public hearings when I should be seeding. I think that's really a significant statement and I'd hope the committee would reflect upon that and maybe give the opportunity when 99 per cent of the farmers aren't in the field. I had a long discussion with my dad last night and one of us is quite mad that I'm here — and it's not me.

History has proven that any society that fails to protect its sovereignty over landownership is destined to be dispossessed of its heritage. The issue that has been placed before this committee is to determine whether or not external, non-resident investors of finance capital may be given ownership and control of farm land in Saskatchewan. Currently anyone who wishes to invest in farm land in Saskatchewan may do so. And in my area, we have farmers investing. There are people coming from other countries, coming from other provinces to invest. So maybe there is something different in our area, but people are coming. So we don't really see the restrictions.

The purpose of the legislation was to safeguard farm land for Saskatchewan residents in order to prevent it from being owned and controlled by external investors. To amend and weaken this legislation constitutionally without understanding the consequences will prove to be a fatal error.

Under the Canadian Constitution, property and civil rights fall under the jurisdiction of the province. The ownership of land clearly falls within provincial jurisdiction. To relinquish this jurisdiction right removes the province control over the consequences of such action.

Our understanding is that this committee is being asked to relinquish the province jurisdiction in order to permit investors located outside the province investment in farm land on the grounds that positive economic and social results will occur. These supposed positive results are predicted to raise the price of farm land. However, to date there's no evidence offered by the opponents to prove that they're . . . this in fact will be the case.

What due diligence has this committee received to reinforce this case? Have these proponents offered documented evidence proving their theses?

It must be pointed out that currently, provided the investor's prepared to reside in Saskatchewan and become an active farmer, there's nothing to stop the investor from doing . . . from buying farm land in this province. We talk about rural revitalization. Do we really understand it? You need the people here to revitalize.

Indeed, investors from other provinces and outside of Canada, under current legislation, can and have taken advantage of opportunity to invest and farm in Saskatchewan. The legislation has not prohibited them from owning and operating a farm in this province.

As a personal farmer I'd like to just give an example on that point. I rent some land from a person who doesn't live in Saskatchewan and I know exactly how much money he puts back into this province — zero. I rent land from local people and I know exactly how much money they put back into this province — all of it. So I'm a bit at a loss how we can somehow come to the conclusion that outside investment is going to rural . . . is going to revitalize rural Saskatchewan.

Let's now turn our attention to the nature and behaviour of finance capital which is mobile, seeking out opportunities at the lowest cost and highest returns to investor. Wherever these investors may be located in the world, finance capital is mobile. People as a rule generally are not.

Allen Dulles, who was a US (United States) government official, stated that it was no longer necessary to invade a country militarily in order to control it. Strategically placed investment would accomplish that objective.

We have recently witnessed US/Canada trade deal and NAFTA (North American Free Trade Agreement) weakening our sovereignty over our economic and political affairs. The result has been challenges by US investors on how we as Canadians conduct our internal political and economic affairs. For example: the Ethyl case, the metal clad case, the softwood lumber case, and challenges to the Canadian Wheat Board's jurisdiction, and livestock exports.

The Farm Land Security Act of Saskatchewan, including foreign ownership section has been grandfathered under NAFTA. To amend that section will prove to be an error of major proportions to open up the legislation for challenges under chapter 11 of NAFTA. Once that precedent has been set, Saskatchewan jurisdiction over its land will be severely damaged if not completely lost.

Under NAFTA, US economic income opportunities . . . Sorry, for alleged lost income opportunities. In their view, if Canada or one of its provinces intervenes legislatively or policy wise to protect . . . Sorry, I missed that line. I'd just like to read that one over again. In their view if Canada or one of its provinces intervenes legislatively or policy wise to protect its economic or political interest, they can sue for economic damages on the grounds of the lost income opportunity. This was the Ethyl case. This will prove to be no different if indeed this legislation is amended.

I think carefully we have to consider why people invest. They invest to make money. They don't care about rural curling rinks

or schools or roads. If I invest here I want to make a profit, and I want to take that profit back with me wherever I am.

The purpose of this legislation is stated in a government document entitled "Farm Land Security Board Farm Ownership."

Saskatchewan's farm ownership legislation was instituted in 1974 to ensure that ownership of the province's farm land remains accessible to Saskatchewan residents . . . The Saskatchewan's farm ownership legislation reflects the continuing commitment of the Government of Saskatchewan to ensuring that Saskatchewan farm land is owned and operated by residents of the province.

Owned and operated.

We wish to point out that the following lands would be subject to external investor action under NAFTA if this Act is amended as being proposed. Number one, farm lands currently held under private ownership. Number two, land bank lands held under provincial ownership and leased to the land bank tenants. Number three, lands held under the jurisdiction of the lands branch and then leased to ranchers. Four, lands held by the department of northern resources which are located in the forest area.

It even could be argued that for the forest lands when cleared, they could be used for the production of food or fibre. This would then define them as farm lands. This would reduce our ability to convert carbon dioxide into oxygen as the lungs of our planet would be further diminished.

Has the committee given thought to the impact this would have on our heritage lands in respect to the province's future jurisdiction over them, if and when some external investor demanded to invest and acquire ownership and control over land?

The issue at hand is not whether the external investor is a farmer who wishes to reside outside of Saskatchewan, but rather the issue is the consequence of large corporate investors of finance capital who wish to invest in the farm land resources of Saskatchewan with the objective of establishing control and jurisdiction over these resources in order to maximize return on their investment to the detriment of the citizens of this province.

Why do we say to the detriment of this province? Well because the margins that the investor will capture will be transferred out of the farm community, out of the province, to be invested somewhere else in the world.

No one should be under any illusion when it comes to the power managers of unbridled finance capital and their objectives. Their objectives are to control the production of food and fibre for human needs, gives ultimate power to those who control and manage the finance capital that has been invested.

I think I'd like to raise a point with Mr. Harper about a discussion we had probably about six years ago on finance capital. And the case in point was when the members of this legislature in '94 amended the Act governing Saskatchewan

Wheat Pool, fundamentally changing the Pool structure and governance mechanisms. Power was transferred from the control of farmer-members to the company's board of directors and management. The co-operative was transformed into a public company trading shares on the Toronto Stock Exchange.

The company now answers to the Canada Corporations Act and its regulations. It is now driven by an unrelenting and unforgiving market. Within five years this former viable, farmer owned and controlled company is facing dire circumstances. Do the members of this legislature wish to make a similar mistake one more time? Who have been the winners and who have been the losers in this debacle?

At that time it was members of the Co-operating Friends of the Pool who, based on the correct economic and policy analysis, correctly predicted the consequences. And when you're making your deliberations, Mr. Harper, I'd sincerely hope you reflect back on that meeting we had in your office for two, three, four hours. I'm not sure how long we were there. And I just hope that your response to why you voted the way you did then is different on this issue.

We'd like to leave the committee with three recommendations.

Number one, Prairie Alliance for the Future opposes the proposed amendments to the ownership to the farm land legislation contained in the farm land ... sorry, The Saskatchewan Farm Security Act.

Number two, there's nothing else to do but maintain the present situation due to NAFTA, for once this is placed on the bargaining table it will all be lost.

Number three, no action should be taken to relieve banks and other financial institutions who have acquired farm land through foreclosure and forceful taking of these farm holdings. Under no circumstances should they be permitted to sell their farm land to non-farm investors which will be the case if this farm security Act were amended as proposed.

And in closing I'd like to just share some comments that I've heard from some of the Prairie Alliance for the Future members about some comments that the Minister of Agriculture has been making on, I guess, some speaking tours he's been on.

And the statement was made that changing this Act will cost the province nothing. I think, more accurately, what it means is changing this Act may not cost the Minister of Agriculture anything personally, but it's certainly going to cost the province a lot in terms of all the lost profits being reinvested in this province.

With that I'd like to thank you for your time and I'd like to submit that as our presentation.

The Chair: — Thank you, Kyle. I'll remind the members of the committee that it's now question and answer period and we have approximately 12 minutes for questions and answers.

Mr. Elhard: — Thank you, gentlemen, for the presentation this morning.

I want to start right at the beginning if I could please. On the top of your first page you say:

History has proven that any society that fails to protect its sovereignty over land ownership is destined to be dispossessed of its heritage.

I'm not sure if you have any concrete examples of that, but I think that's a pretty wide-ranging topic and may not be completely accurate.

But having said that, if we move to paragraph 4, you allude to the fact that the argument for opening up farm land ownership is that land prices will escalate. And we've had that argument made here, but we've also had people honest enough to say that it's not going to make that big a difference. Farm land ownership opened up to foreign investment will not dramatically force the price of land up. The market will determine that pretty carefully based on productivity.

But I guess I want to ask, if land prices don't rise, doesn't that beg the question as to why foreign investors would rush in here and buy up all our land? I mean investors want to make money on their investments and if land prices aren't going to escalate dramatically, and we have no evidence of that, why would we suspect that there's going to be this big rush of foreign ownership?

Mr. Korneychuk: — I guess I'll take a quick crack and I'm not sure if Mr. Atkinson wants to add anything.

I guess there's two points to be made there. First point is the Prairie Alliance for the Future is not saying that the price of farm land is going to increase. We're hearing that as one of the arguments to support it. So let's not argue that point.

But I guess the other point I'd like to make is short and long term. If I can buy something cheap and depress the price and acquire all the assets of say ... let's just talk about the pineapple industry. You ever seen pineapples trade on the commodity market? That's because Del Monte owns all the farm land that you can basically grow pineapples on.

So maybe I will buy it cheap until I buy every one of you people out and then I'll set the price. And I think that's the statement that's being made in paragraph 4. It's the long-term vision.

Some of your short-term observations might actually be correct, but finance or capital doesn't look short-term. It looks long-term, past my generation ... gee, I might be the youngest one here, you know. Hope I didn't offend anyone. But you know we're looking long-term. And we've seen this ... And I've seen this over and over again. And just to give you some of my history is from grandfather's explanations, where he came from the old country, how does capital work? So I think that's the point that's being made in paragraph 4.

Mr. Elhard: — I would gather, basically, that it's almost a conspiratorial theory that you're proposing and I'm not sure I'm prepared to buy into that.

But having said that, let's move on to page 3 ...

Mr. Atkinson: — May I respond to that question?

Mr. Elhard: — Sure.

Mr. Atkinson: — It's not a matter of conspiracy at all. It's a matter, if you're a student of economic history and political history, it can be documented.

Just as a small example or a fairly big example of those people who are affected — Columbia, they're in there growing flowers and people are hungry; the Philippines, we can go all over the world and find examples.

And if you're a student of economic history and understanding institutional economics, Kyle has made the valid point, there's lots of pools of capital floating around the world looking for a place to come, knowing that eventually there will be huge returns from this. And besides, they like to bury their money in a place that is fairly safe, called land.

You check out your history and you'll find that.

Mr. Elhard: — Well without going into a long historical argument, you know . . .

Mr. Atkinson: — Well I think it's really important, for those who don't know their history cannot predict the future.

Mr. Elhard: — But the reality is, Mr. Atkinson, that Saskatchewan is not troubled by large pools of capital right now. That's one of our problems in rural Saskatchewan. And I can't see any indication that agriculture has benefited by the loss or the absence of capital.

So without going into a further argument on that, let's . . . I just want to ask, on page 3, you've made some very strong assertions about what will happen to Saskatchewan if, under the NAFTA rules, if landownership is changed in any respect.

I want to know, do you have a legal opinion to substantiate the assertions you make on page 3, or is that your own opinion, your own interpretation?

Mr. Korneychuk: — That would be our assessment. But I think quite clearly if we think about the issue even specifically to what's coming down the pipe when we're talking about, you know, environmental audits on farms, it's maybe a federal issue and there should be someone here from the federal government.

But if I'm an American investor, you're going to pay me to do that audit, and if you're not going to pay me, I'm going to sue your butt off. That's very clear.

The cases that were listed: the Ethyl case, the metal clad, the softwood lumber, you know, if we're not learning anything here, you know, it sort of begs the question, what are legislatures here for? So it is our analysis.

But I would like to . . . and I'm hoping this gets back to Mr. Serby because we've had this argument before too, about capital. And I'm not sure what you're talking about, how big the pot has to be.

But when I look back in my home community, and I'm quite sure in Mr. Bjornerud's because I know his community and I know Mr. Wartman's and I know Mr. Osika's community, there's lots of capital stuffed in credit union bank accounts. There's no . . . there's a lack of a reason to invest. The people have gotten older. There needs to be a reason to continue and I think that's where the government needs to focus its issue. How can we get some of the money that's come out of farming? Obviously I'm a younger farmer so I'm starting. The people who have progressed through the cycle — what would want to make them reinvest? And I think that's where we need to focus, not to try to sell off the land to outside investors. I'm not sure what your scale is — if you're talking \$400 billion or you're talking millions.

Mr. Elhard: — Well, just to respond quickly, the ACRE (Action Committee on the Rural Economy) Committee that just presented its report to this committee in the last few weeks said that there is substantial money in retirement bank accounts but it isn't anywhere near enough to address the needs of this industry and of rural Saskatchewan generally. They're talking about multiple billions of dollars over the next 20 years and it's their assessment that there isn't enough provincial capital of any amount to address that particular problem.

Mr. Korneychuk: — Well I guess, you know, I'm not going to argue with them but the one thing my grandfather did tell me is you spend what you can afford. We've seen companies go out and spend more than they can afford and we can see where they are now. So I'm not sure we need billions to get our economy going again.

Mr. Forbes: — I appreciate your points about history. You know I was thinking, I'm a teacher by trade and we often talk about experiences in Ireland and Russia, particularly, and how that affected the Saskatchewan . . . the Blaine Lake area with the Mennonites and that whole thing.

But my question is, referring to the bigger picture . . . And we just had our presentation from Ducks Unlimited and they raised a real issue around stewardship of land in general of Saskatchewan and marginal farm land and the whole concept of, you know, we have a pretty sacred trust here of land in Saskatchewan. And we aren't really clear when this Act was first developed though — farm land and waste land — and now we're coming to understand that there's a larger responsibility. Could you talk about your perspective in terms of the environmental stewardship responsibility we have in the province here?

Mr. Korneychuk: — I think it's a very good point. It's actually . . . when I was listening to the presentation there was a point that as a group or an organization we hadn't spent a lot of time talking about. But I think you've hit the nail right on the head.

If farmers in general — and you know there's always exceptions in any group — are good stewards. You're there, you're there every day. I can tell you where every quack grass patch on my property is, where the ducks nest. I think if we move away from the local ownership to say corporate investment, that's all gone.

I have a neighbour, and I'm not critical of him but he farms

about 30,000 acres. He doesn't even know what's on some quarters of land. He's viewing it as an investment. The local managers might know, but if he doesn't give them authority to, you know, protect that area, they won't.

So I think as an organization, we're saying that the local investment, when you're on the farm living, you will be a good steward. You have to be a good steward; the environment and farming aren't two separate issues.

I sometimes get a chuckle when I listen to Energy and Mines talk about, you know, we have to balance the two. Well really one takes precedent on our farm, and I think I can say the same for Mr. Atkinson, the environment's number one. Because if the environment for the farming culture isn't there, there will be no farm.

The Chair: — Thank you.

Ms. Harpauer: — Thank you very much for your presentation. One thing that sort of concerns me in both your presentation and the answers to Wayne's questions is, I have a viewpoint that I'm a Canadian. And I actually don't feel it's right that we should be classifying fellow Canadians as foreigners.

And when there is discussion on history and when there is discussion on this corporate takeover of large tracts of land, where the landowners ... (inaudible) ... land, the actual operators on the land won't own the land.

And implications of the NAFTA agreement, I think we need to look at, rather than the Philippines, we need to look at Manitoba. Manitoba just changed their law in 1997. And they haven't had a corporate takeover. In fact on their Web site it says that most of the agricultural land has remained in the hands of the family farmer and there isn't a US takeover because people are trying to oppose it under the NAFTA agreement. So I think perhaps maybe we should ... And we are doing some research on what's happening in Manitoba.

But if all this is indeed true and if all this will happen to our province the instant that we open up our land restrictions to fellow Canadians, why wasn't Manitoba taken over? Why wasn't this huge corporate takeover and absentee landownership being rampant? Why did that not happen?

Mr. Korneychuk: — I think the first point I think Mr. Atkinson will add to. When you talk about '97, capital moves slowly. It will take time. As far as, you know, just look at the number of acres that they have, the types of crops, that could be a reason.

But I don't think we're saying ... And maybe this is sort of where the debate's getting off-track. You have to look at the context of foreign in terms of definition. But if you're in BC (British Columbia) and you want to buy farm land and live here, there's no problem. So why not do it?

If we really are committed to rural revitalization, we need people. Capital won't do it on its own. And I'm not sure if you were here when I made my comments. I farm myself and I do rent some land from a person that lives in Ontario. And he puts absolutely zero dollars back into the Saskatchewan economy.

That's just because it's a financed operation.

So I think we need to have some sort of a balance. And if the idea is rural revitalization, you need to get people back. You need to have some rules in the game. I don't know if Mr. Atkinson wanted to add anything.

Mr. Atkinson: — Sure. Yes, you have to look at these things not only in the short run, you have to look at them in the long run because capital lives forever. The rules are made that capital has the same rights as people, basically, in the law unless it's confined. And it goes on for generations.

Capital expects a return. That return is not necessarily going to be reinvested in that community or in the province. Capital is mobile. And I'm not talking about a few hundred thousand dollars. I'm talking about millions or even ... it could go to billions.

Let's take Manitoba. Right now in one of the municipalities a big fight on when an investor out of Ontario skipped in and wants to buy some of the local land that's owned by the municipality. And if that happens, what happens to the people who are using that land for pasture?

They're putting nothing back into that community except extracting the surpluses that they capture and moving it out. Now that's not really going to do much good in terms of developing a local community or developing farming and an integrated operation within this province.

And I think we really have to look at this very seriously. And a lot of folks haven't done that yet. If you want to look at — and I can provide you with information — the total integration of some of the major grain companies back into — and Randy will understand this — into the production of livestock — cattle, pigs — the total integration vertically and horizontally of all of the elements that go into that, it's not inconceivable that they might be interested in taking over some of the public lands in order to raise cattle on.

Because if I'm a manager of a corporation and I'm managing finance capital, I need to control as many of the variables as I possibly can in order to optimize or maximize the return on that investment, and I do that through a vertical and horizontal integration. And that sure is not very conducive.

And incidentally, I've had a little experience with that. I used to work for an outfit called the Rich Food Company of America. I was a pretty good manager. So I know something of what I speak.

Ms. Harpauer: — ... if you want to go back then, and you said you need to look beyond the time period of Manitoba.

Let's look at Alberta. It's been open for quite an extended period of time. I don't know if they even had very strong restrictions to fellow Canadians. And they have cattle. They have an equally vibrant rural communities, if not more vibrant rural communities. And has there been this vertical and horizontal integration taking over Alberta?

To address the answer, does your Ontario landowner — who

contributes absolutely nothing to Saskatchewan — does he provide . . . or does he pay his land taxes here in Saskatchewan? Does he have to pay that in Saskatchewan? And what about the Saskatchewan landowner who has land in Manitoba? Is a Saskatchewan landowner that has land in Manitoba, is he giving Manitoba any contributions?

Mr. Korneychuk: — I guess we're going to get into this philosophical debate and I think it's something that needs some research. Number one, I pay the land taxes on that land.

When you talk about Alberta being a rural, vibrant community, what basis are you using that on? They have the oil sector. I have friends there too and I know exactly what they're making farming, supplementing with the oil industry. So if we want to use those facts, let's see the numbers on it and break it out for agriculture only.

But the real problem I have — and here again this is philosophical; we can go on forever — but if it's so great there . . . Actually three of my new neighbours are Albertans. So if it's . . . the land is so rosy there, why are they coming here? And maybe it is because they sold higher and came here, I can't say. The one fellow I just got to meet last week.

A Member: — That's not what I said.

Mr. Korneychuk: — But they are coming here. But look where I'm talking from, my area. You know, that's something that I can speak quite definitively on. The entire province, that issue's up for discussion.

But you know we really have to . . . As Mr. Atkinson said, this is a finance capital issue. And if people are proposing that you need to change the Farm Land Security Act so you can have capital flow in, so that you can be more vibrant, that's great. That probably even has some merit. But when capital flows in, it doesn't flow in at no cost. And I think that's the part everyone forgets.

The Chair: — Ron, one question. So make it a good one.

Hon. Mr. Osika: — In listening to this, and that's right and it seems we're focusing on the agricultural aspect of this land ownership unless I'm missing something here. But we also talk about value-added agricultural production.

So I guess I just wanted to ask, if capital wanted to come in here and invest in an industry that will allow us to participate and grow a community where it would create a lot of jobs, I mean, I'm wondering what is so bad about that? Affording the opportunity for people in a community to maintain their residences and perhaps create more opportunities to help the value-added opportunities in the agricultural business and perhaps some other opportunities.

I'm thinking of companies like in Melville. Babcock & Wilcox came in. They're an out-of-province, they're a Canadian company that invested in our community and created all kinds of jobs and are considered to be one of the top business operations, Babcock & Wilcox in their field across the country.

So I guess what we . . . Where are we drawing the line; that you

can come in here and build an industry in a town, but don't come in and invest your money in agricultural land to create the opportunities for maybe another Canadian industry?

And when we're talking things like ethanol, which may be good potential if there was a Canadian company or private investors wanted to come in and create this industry that would now help the livestock industry, would help agriculture producers because there'd be feedstock required and create jobs for young people to perhaps come back or stay. Is that so bad?

Mr. Korneychuk: — I'm not sure it's so bad. But I think you're opening up another part of the spectrum that we didn't present on. I thought we were talking about farm landownership. So that's very clear. So that answers that part.

But the part about the value added, if the value added isn't going back to agriculture, the person that's providing the base stock . . . You know, I guess — and I don't want to offend anyone on the committee, but I might — you know, I'm tired of making a . . . or providing a profit for everyone else and having to scratch like hell to make one for myself. And we missed that point.

So when you keep talking about value added, you're getting to the point, I think, which Mr. Atkinson was alluding to. If you're managing a large corporation, why do I need these pesky resident Saskatchewan farmers? Why don't I get the land and I can do all the value added and pay some minimal wages and take my profits elsewhere?

I guess what we're trying to focus on, Ron, is not limiting those jobs, but insuring that those profits stay and get reinvested back in Saskatchewan.

Mr. Atkinson: — Can I take a whack at that one? Your question, your question is a fundamental question. The whole notion that value added is somehow going to put more revenue in the hands of the farmer, under the current structure, is a hope not a reality. That's a hope not a reality.

Now if we talk about rural redevelopment or development — or revitalization is a popular term — that can be achieved, but it can be achieved at the local level by encouraging local development.

Just to give you a little example, we've been proposing to take over branch lines from the CN (Canadian National). In our examination of that question, 49 farmers on the northwest corner of the province, up in the Battleford area — 49 just in one community — if they were able to use that track and use the elevator that some of them have — well that they have — they could save, which is earning, a half a million dollars a year. The use of the elevator would turn them another half a million dollars a year.

Now you'd have to deduct from that their local costs, so let's take that at say 250,000 or 300,000. There's \$700,000 out there. That money that would be spent at Paradise Hill and Turtleford, by the time it hits Regina multiplies itself — \$1 multiplies itself to \$1.98. Well, there's opportunity out there to recapture value right at the farm level to percolate through this economy to help do what you're talking about.

Now the other question that we have if you look at every community that's somehow surviving, you'll find that invariably they've had, and I'm talking about small communities, a co-op store, a credit union — certainly a credit union — a co-op store and they used to have the Pool elevator, and the UGG (United Grain Growers Limited). And those margins were captured at that level and returned, much of them, to that community which helped that community in terms of all of its infrastructure.

For example where I come from two elevators pay to the school and to the local village, \$70,000 a year. Now that's going to be lost. Well what did we do? We bought the elevator there so that we could recapture those. And that's going to contribute to stabilizing that community.

And we've got a lot of ideas that we can do locally to develop value-added. Not just value-added. We've got 8 million tonnes of grain that wanders around this province every year on an average of 650 kilometres. Now that's a wasteful kind of thing. Why don't we do something about that if we're talking about rural development?

The Chair: — Roy, we're going to give you the last word. I'm sorry, Ron, you're time has expired. In fact we're a little over.

Mr. Atkinson: — I had to do a little commercial there, Ron.

The Chair: — Good, fair enough, Roy. Fair enough. With that I would on behalf of the committee like to thank you very much for your very thoughtful and thought-provoking presentation. Thank you very much.

Mr. Atkinson: — There are some states in the United States that have anti-corporate farming legislation which reaches right down to the land. So . . . They have under the Canada-US Trade Agreement, they have these words:

Nothing in this agreement takes precedence over US law or US state law.

And that's a fact.

The Chair: — Thank you, Roy, for once again getting in the last word. And we will adjourn the committee for 10 minutes. We will reconvene at 10:25. We'll take a 10 minute for committee members to do whatever is pressing. For some of us it's quite pressing.

The committee recessed for a period of time.

The Chair: — Ladies and gentlemen, we'll reconvene the meeting. Order.

Our next presenter, Lon Borgerson from Macdowall, Saskatchewan.

Once again, we'll use the normal process of introducing the committee members and then we'll ask our presenters to introduce themselves and anyone who may be with them. And then we'll have your presentation.

And my name's Ron Harper. I'm the Chair of the Standing

Committee on Agriculture and the MLA for Regina Northeast.

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

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

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

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

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

Hon. Mr. Wartman: — Mark Wartman, MLA, Regina Qu'Appelle Valley. And I'm sitting in for Pat Atkinson today.

Ms. Jones: — Carolyn Jones from Saskatoon Meewasin.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Hon. Mr. Osika: — Good morning. I'm Ron Osika, MLA for Melville.

The Chair: — Good morning. And we'll have your introduction and presentation.

Mr. Borgerson: — My name is Lon Borgerson. I reside at Macdowall. And this is . . .

Ms. Drummond: — I'm Val Drummond, also from Macdowall.

Mr. Borgerson: — Bring you season's greetings from the North.

A Member: — Snowless.

Mr. Borgerson: — Snowless. Snowless and sunny, so join us. We're going Christmas shopping after this presentation.

Today as I drove here from Macdowall with this presentation in mind, I marvelled at the miles and miles of farm land that we have here in this province. We have 45 per cent of the arable land in Canada — 45 per cent.

That means that any decision regarding land ownership in this province has huge significance. It has much greater implications for this province and for the future of this province than it does for other provinces. And so this is why we have driven over 200 miles for a 10-minute presentation.

The ACRE report talks about the doom and gloom attitude in this province and uses this as a basis for an action plan that builds positive attitudes.

Rather than talk doom and gloom, I ask you to consider what a treasure we have here in Saskatchewan. So much land, so much soil. As my father-in-law, a farmer through and through, used to say, they're not making any more of it. In his own way he was

stating the obvious fact that no matter how rich you are, no matter how big your corporation, you cannot manufacture farm land. It is in our hands. It will always have value and there is no need to sell it off.

A time will come very soon when good productive farm land will be one of the most valued assets to be found anywhere in this world. As farmers have always known, land is intrinsically valuable because it grows food for people. And that is a value which all of us here in Saskatchewan understand at the deepest level. Without the land none of the rest is possible. Corporations know this, agribusiness knows this, and that's why they are a major presence at these hearings.

So is it true that what is good for agribusiness is good for Saskatchewan? I believe that this assumption underlines . . . underlies a lot of what you've been told here.

I notice that the Canadian Federation for Independent Business has done a survey of their members and presented it to ACRE. They prefaced their numbers by saying that they've asked their members whether a change in landownership policy would be in the best interest of Saskatchewan.

However, the 73.9 per cent of Saskatchewan agribusinesses surveyed actually agreed with the following: that it would be in the best interest of the industry to make the legislation more flexible. What is in the best interest of the industry and what is in the best interest of our province? Are the two synonymous as the CFIB would like us to believe?

We just have to look back. As farm incomes have plummeted over these past many years, agribusiness has been doing just fine. Very well in fact. It is not correct to equate that what is good for agribusiness is good for Saskatchewan.

I've been talking to a person who lives in Sask Rivers constituency who tells me the following. In his rather isolated rural area, five farmers from Alberta have moved in within the last three years and have started up farming operations. And I believe in the previous presentation there was mentioned the same kind of a thing in another area as well.

Why have they done that? Because land in Alberta is now too expensive at \$1,000 an acre and even more near cities.

These farmers have brought with them their families and have contributed some repopulation in that area. Their families are shopping in town, they are participating in community activities, and their kids are catching the school bus and attending the local school. These new families are contributing to the sense of community in that rural area.

I mention this because it is an example of how our present landownership regulations work very well for us. The current Act administered by the Farm Land Security Board has resulted in the addition of 5 families and a total number of 15 people to a formerly sparsely populated rural area.

I see that you have had a presentation that uses a similar example from another part of the province — a farm ranch family is moving here from Alberta, an earlier presentation. Unfortunately that particular presentation argues for a change in

regulations, which I find rather strange in its logic. When farm families can homestead here under the present Act, how can anyone use that as an argument for changing the Act?

If our goal is repopulation of rural areas and revitalization of rural communities, I would have to say that we're seeing some movement into our province thanks to the fact that our land is still reasonably priced. Why would we want to stop this trend in favour of absentee landlords? Why would we want to make it more difficult for new farmers or young farmers to get started here?

I quote from a document from the Farm Land Security Board, The Saskatchewan Farmland Ownership Law: A Time for Change? The quote:

Absentee ownership inevitably contributes to the deterioration of rural social structure.

Maintaining control of economic development and, on a broader scale, provincial policy direction helps insure that the benefits of agricultural economic activity and more specifically, the profits and tax revenues from farm lands, remain in the province.

We are also told that we need to make our laws comparable to our neighbours — Alberta and Manitoba. We are told that Alberta is prospering because they have opened up their farm land. Again, faulty logic. I wonder if Alberta's wealth doesn't have something to do with exploiting their oil resources. The so-called Alberta advantage is really about their willingness to give their resources away with very minimal royalties given back to the people of Alberta. A boom of that kind will most certainly be followed by a bust. Watch for it.

I don't think we have to be concerned about taking a path that is different from Alberta. We haven't in the past. In health care, we didn't wait for Alberta to introduce medicare. If we had, we wouldn't have it today. Today, even with our present financial difficulties, we do not charge user fees; Alberta does.

I think we can create a model here in Saskatchewan for other provinces like Alberta to envy. We can have a made-in-Saskatchewan agricultural policy. Let Alberta go on its own with its made-in-corporate-boardrooms policy. Saskatchewan's greatest resource is our land. Let's take good care of it and guard it well.

As an NDP (New Democratic Party) candidate for nomination in the Sask Rivers constituency, I am here before you today because I fear that hasty decisions about landholding provisions, if made without consideration of the overall agricultural strategy for this province, may jeopardize any possibility for a made-in-Saskatchewan agricultural policy.

This is not a decision to be made in haste during seeding time. It is too important. And it is not a decision to be made in a vacuum. It must be a decision that forms an integral part of an overall agricultural policy which I understand is being worked on as we speak.

I've had the opportunity to talk to many farmers in our area and we're in the process of coming up with some innovative ideas

for encouraging repopulation of rural areas. But we need time to develop these ideas and to contribute to an overall provincial strategy. We should not rush ahead and change this Act now in the hope that we'll somehow magically benefit Saskatchewan. Let's see the details and let's see how such a change will fit into our overall agricultural plan.

In Saskatchewan we have what I call the Saskatchewan secret, and it has to do with values that place caring for each other and working hard to achieve together what we can't do alone. It means putting the community ahead of simple material gain.

I think of the pioneers who sacrificed so much — my great grandparents, grandparents, and even the sacrifices of my parents on the family farm to bring us to this critical moment in our history.

A hundred years after The Homesteads Act, I wonder what my grandparents would think of all of this. I wonder what they would think of those who would sell off this land, this treasure, to the highest bidder, to the rich of Canada and likely the United States — because make no mistake, US corporations through international trade deals will no doubt find a way to access our land by way of Canadian subsidiaries unless, of course, we can trust US trade deals.

I wonder how my grandparents would view this idea of opening up the purchase of land to absentee landlords. It feels much too much like a province-wide farm auction to me — the highest price is what counts.

I talked about doom and gloom at the start. I see changes to landownership as a doom and gloom solution, a signal that we're thinking about giving up on the family farm, packing our bags, calling in the auctioneer. We can't think of any creative or imaginative solutions to the agricultural crisis, so we're going to resort to selling off our most valuable possession, our land.

I'm here today because I do not want to go down in history as one of those who betrayed the trust of our foremothers and forefathers. We must not make any changes to our land ownership regulations without careful public deliberation and consultation. This is too important. Let's remember what we have here, and guard it well as a legacy and public trust for the future citizens of this province.

And sometimes interesting coincidences happen which perhaps are more than just coincidence. On the way down, the CBC (Canadian Broadcasting Corporation) Radio request — music request for the morning was *Field Behind the Plough*, which was a favourite song of my father-in-law. And I'll read the two lines:

Watch the field behind the plough turn to straight dark rows
Put another season's promise in the ground.

And I'll repeat that last line:

Put another season's promise in the ground.

Thank you.

The Chair: — Thank you. We now have the opportunity for

questions and answers. We have approximately 17 minutes for that. So I'll remind the members to be as pithy as possible so we can get as many questions and answers in.

Ms. Harpauer: — Thank you, and thank you for your presentation. It's interesting that you brought up heritage and history. And another presenter had pointed out . . . and in my own case scenario where I am a sixth-generation farmer in my family in Canada, had this law been in place I wouldn't be in Saskatchewan. Because my grandfather wouldn't have been able to come because he bought it but couldn't move here until the restriction would have been expired. And he would have had to resell his holdings. So . . .

Mr. Borgerson: — . . . you'll have to explain that to me, because I don't understand why.

Ms. Harpauer: — He lived in Ontario.

Mr. Borgerson: — Okay.

Ms. Harpauer: — Bought land in Saskatchewan, but he couldn't come in the five-year restriction.

Mr. Borgerson: — But he wanted to farm here.

Ms. Harpauer: — He is . . . he did farm here eventually.

Mr. Borgerson: — Then there wouldn't have been a problem.

Ms. Harpauer: — Well, there's a five-year . . . there would be a problem because you can't own land in another province saying that I'll move there sometime — to Saskatchewan. You have to sell it off. So there is a problem, but however that's a piece of history as well.

There are good stories of people moving to Saskatchewan. There definitely is. There is in my area; there is I'm sure in everybody's area.

But the reality is that since this Act was put in place, how's it working. And the fact is that the school enrolments are declining. The population in small communities has been declining. The out-migration of our province is greater than the in-migration, and the average farm size in Saskatchewan is greater than our neighbouring provinces. And the job losses in our province is greater than our neighbouring provinces who have had job gains rather than job losses.

So that is the reality of what's happening in Saskatchewan. The average age of the farmers according to SARM (Saskatchewan Association of Rural Municipalities) now is 58. So we're looking at a large sector of farmers who want to retire. We're not looking at a great influx of young guys, even though they have low land prices that want to start.

So how does your plan address the reality? We need people in our province to pay for health care, pay for education, pay for social programs. We're losing those people. How does that address what's really happening in Saskatchewan?

Ms. Drummond: — I'll just make a brief comment. I think . . . I mean those kinds of statistics are certainly representative of

the situation at the moment. But to suggest that it's simply the landownership laws that are responsible for that is . . . you know, I mean it's so much bigger than that. So changing that one aspect of policy, especially changing it without having the full vision of what you want to see happening in agriculture, having it as a part of that full policy seems . . . seems misguided to me.

Ms. Harpauer: — I don't think any one issue will make the problem go away or I'm sure we would have made it go away. But I think we need to look at a large number of issues and this being one of them. Thank you.

Mr. Borgerson: — But remember that this is the issue at hand with this committee, and the point is that rural depopulation and the rural crisis I don't think you can attribute to The Farm Land Security Act. You know, it's much bigger.

Hon. Mr. Wartman: — That, actually, you were starting in to address what I was wanting to have you speak about, and that is the whole issue of rural depopulation and farm size. We see when we look south of the border as well that it is not going to be easily dealt with. There's no quick fix or no one particular thing. Even highly subsidized grains in the US are not making . . . I mean the average farmer is still struggling in the US. Rural depopulation is a fact.

And so one of the pieces that I'm wondering about in terms of this particular Act. We have heard from some proponents of change that changing the Act will make it possible for people to come in. And I would think Donna's example of her grandfather and I think of some of the people that I know who are farming in a couple of areas that I've lived in who purchased land here and had a son or a daughter come and farm here. And eventually, I mean the son and the daughter came with family and were actively involved in their communities. And so the purchase in those cases by a non-resident, the ownership by a non-resident did not take away from population growth in that area.

So I'm wondering if you can just speak a little bit about those aspects in terms of your concerns around opening this up. If we can make it possible for people to come in who will bring in new residents, who will bring in neighbours for you and other folks, wouldn't this be a positive thing to move in this direction?

Mr. Borgerson: — Honestly, your logic escapes me. The proposed changes, opening up The Farm Land Security Act invites capital. It doesn't invite people.

I'm actually . . . I'm wondering why The Farm Land Security Act, opening that up, is being seen as the solution. That was one of the recommendations from the subcommittees which was not . . . it's one of about 150 recommendations by the subcommittees that were not endorsed by ACRE as a whole. So I find that I'm actually perplexed as to why that particular recommendation has been brought forward.

There's a far more interesting recommendation, no. 48, from one of the subcommittees:

To achieve the rural population growth objectives, it is

recommended that strategies focussed on retention of rural residents, encouragement for inter-provincial in-migration, international immigration and support for families be considered as elements in this plan.

That recommendation addresses the point that you just made, encouraging people to come in.

But opening the Act up simply encourages money to come in. And if I were an outside investor buying Saskatchewan land, why would I possibly leave my profits in the province?

Mr. Elhard: — Thank you for your presentation this morning. Just to address your last answer to Mr. Wartman, you know if I was an outside investor I wouldn't even consider Saskatchewan land. There isn't a big return on your investment. I mean we've heard the fears raised earlier that outside money will rush in here and buy up all the land and then capitalize on that because they've got a stranglehold on a limited resource. I simply don't see that as a real fear or a real possibility.

People who are investing in land for money want a big return and they want it reasonably quick. It's not patient. It's not as patient as was asserted earlier. People want immediate returns. That's what's got so many companies into trouble right now. They have to show big returns and a good bottom line.

I want to just also tell you that CFIB was here to make a presentation, and I'm familiar with that organization because I worked in a small independent business and bought memberships, at some point, in CFIB. It doesn't represent large corporate entities that are represented around the world. It represents small independent business in this province, most of which are mom-and-pop operations with three or four employees; the vast majority of which are located outside urban Saskatchewan and located in small town Saskatchewan.

And most of those memberships that are connected to agriculture are not doing well financially. They have a serious investment that is at stake because the agriculture industry in this province is hurting.

My question to you though is this: based on your position on landownership, do you think it should be illegal for Saskatchewan residents to own land outside of this province? I think the logical consequence of your position would force you to say yes there. I'm asking you, would it be illegal or should it be illegal for Saskatchewan residents to own land in Alberta or Manitoba or possibly Montana or North Dakota?

Ms. Drummond: — I would say that those are decisions that need to be made by the people who live there. If they want to set up their laws in such a way that they protect their own family farms or whatever, that's their decision. I don't think there's, you know, a logical line going from what we're saying.

We're saying, we as Saskatchewan people need to determine what happens with our land and with our economy and in the same way the people in, whichever, Montana, Alberta, have that same right to determine that. If they decide that I cannot buy land there, that's their right.

Mr. Elhard: — Well unfortunately Ma'am, the logic requires

you to make that decision.

Mr. Borgerson: — I will make a quick response to that. I accept what you said regarding CFIB. But I read their presentation and was . . . I sometimes get disturbed when numbers are used to present a case that distorts it.

Their presentation quoted CFIB as including 102,000 members. But when I started looking more closely at those numbers, that's in Canada of course. There are only 750 agri-members in this province. And of that 750, 555, by my figures, supported a change to The Farm Land Security Act. Now that's less than 1 per cent of the members of CFIB . . . (inaudible interjection) . . . Yes. Yes. But I . . . that wasn't clear with their numbers. You had to do a little bit of math to get there.

Ms. Jones: — Thank you very much. I think that members on both sides of the table here share the common goal of trying to improve conditions and population in rural Saskatchewan. And one of the things that we've been looking at, there's the . . . most of the proposals have come into opening up to Canadian ownership and the biggest excuse or reason seems to be to make us the same as Alberta and Manitoba.

And there has been some presentation from some people about outside-of-Canada ownership. And most of the presentations talk about perception — that there's a perception that you can't own land here. There's an unnecessary hurdle in terms of the farm land ownership board.

My interest is in repopulating rural Saskatchewan. I am interested in how we can accommodate people who want to move here. And I'm wondering if you have any thoughts to share with us on how we could encourage both Canadian and non-Canadian people to . . . how we can facilitate their ownership of farm land with residency. I mean, you know, I would really like to see people move here as happened in the early years.

Do you have any ideas on how that could be opened up so that people would be welcomed into our province and be able to own land, and yet smooth the transition period? You can understand that people don't want to buy . . . come here unless they know they can purchase land and they don't want to purchase land until they're able to . . . or they can't purchase land until they're able to come here. So do you have any thoughts on that?

And just a comment. Mr. Elhard said, if I was an investor, why would I invest in Saskatchewan? And my answer to that would be, why would we open up the Act if it's not going to do that, so . . .

But back to the other part. Do you have any, any possibility of how we might accommodate that?

Mr. Borgerson: — My response would be, ask the people of Saskatchewan. My response would be that if we want to be creative and imaginative as a people here in Saskatchewan, as citizens here in Saskatchewan, we can come up with all kinds of solutions.

But the problem I see is this. The ACRE report and some of

what I hear here today starts from the assumption that the economic system is as it is, we must accept that, and find ways to adapt. So we'll change our Farm Land Security Act, those kinds of things.

My philosophy starts from the belief that we define the kind of life that we want in this province, the kind of rural life that we want here in this province, and then we change that economic system to fit that. We can do this; we've done it before. We define the kind of society that we want and then creatively and imaginatively — with consultation with the people of Saskatchewan — we come up with ways of doing that.

I have some ideas. I've some of my own and some borrowed from people I've heard. And many of them are, as someone's indicated here, just small ideas — many small ideas that might add up to something big, more than I have time to talk about here. But starting from that premise: what do we want this province to look like?

Ms. Jones: — Thank you. One brief question. One of the suggestions that was given to us had to do with rezoning of some land to commercial or other purposes in order to circumvent, I suppose — not necessarily circumvent, that's kind of a negative word — but in order to get around the provisions of Farm Land Security Act. And as you know, there's been economic . . . one of the recommendations was economic corridors being created in the ACRE report.

Can you give me your thoughts on rezoning of certain pieces of land and under what conditions that might be a good thing to do.

Mr. Borgerson: — I get nervous when I . . . I mean I'm . . . That's something that I think is open for discussion but I get nervous because I think of the environmental impact of clustering industry and business. It would have to depend on what kinds of ventures that are looked at.

But why not look small scale? Why not create corridors? There are grid roads with water pipelines and electricity running down them. Why not change the Act regarding . . . open up the Act regarding subdivision of agricultural land so that people can very easily subdivide their land down to 5 or 10 acres; provide initiatives for people to settle there, either for retirement purposes or for recreation or for residence or for small-scale farming or for subsistence farming; provide tax incentives for people to grow certain kinds of things there so that . . . gardens and so on? Why not look at smaller-scale kinds of zoning along corridors that already exist as well?

We live on a corridor. A very good grid road with all kinds of possibilities for people to live rurally . . .

The Chair: — Thank you very much. I'm afraid your time has elapsed. But I do, on behalf of the committee, want to thank you very much for taking the time out and making the trip down here and being a part of our process here and making your presentation, which was very informative and very thought-provoking. Thank you very much.

Our next presenters is the Meacham Hills Forage from Colonsay, Saskatchewan. Tim Korol. Tim . . . (inaudible)

interjection) . . . Thank you, Tim.

What we will do is a normal process. I will ask the committee members to introduce themselves and then you can introduce yourself, anybody you may have with you, and then we'll have your presentation.

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

Hon. Mr. Osika: — I'm Ron, too. Ron Osika, the MLA from Melville.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Ms. Jones: — Carolyn Jones, Saskatoon Meewasin.

Hon. Mr. Wartman: — Mark Wartman, Regina Qu'Appelle Valley, sitting in for Pat Atkinson.

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

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

Ms. Harpauer: — Donna Harpauer, MLA Watrous.

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

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

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

Mr. Korol: — Well good morning, committee members. My name is Tim Korol. I am a farmer/rancher in the Colonsay/Meacham area. I'm also the Chair of the Meacham Hills Forage Club. I have two other of my members with me today, Jerry Sopatyk and Doug Moen, who are sitting in the gallery.

Just by way of introduction, the Meacham Hills Forage Club is a conservation-minded, non-profit organization whose intent it is to diversify and stimulate economic growth of the local region through the improved utilization of forages. Our club members believe that conservation and agriculture can and should work together in communities for the mutual benefit of all.

Our members include people from the RMs of Grant, Bayne, Viscount, Colonsay, and Blucher, as well as members from the surrounding towns and the city of Saskatoon.

Our club joins an ever-growing number of organizations in speaking out about the procurement of Saskatchewan farm land by Ducks Unlimited Canada. Some of these organizations include the Stockgrowers Association, the Cattle Feeders Association, SARM, the RM of Colonsay, the RM of Grant, and the RM of Morris, and the Provincial Council of Agriculture Development and Diversification ADD Board.

For more than three years now, producers from our local area have met with Ducks Unlimited in an attempt to resolve community issues. Ducks Unlimited has failed to resolve any of those issues that were placed before it. Ducks Unlimited has chosen instead to ignore our local concerns. It's clearly an issue of David and Goliath.

As the last avenue of resort, Meacham Hills Forage Club appeared before the Saskatchewan Farm Land Security Board on April 16, 2002, to stop Ducks Unlimited from procuring more land in our area until our communities' concerns were addressed. After hearing from the club, Ducks Unlimited, and the vendors, the board denied Ducks Unlimited its consent pursuant to section 84(3) of the Act. The board stated the reason for the denial:

The board concluded that significant local concerns exist about the acquisition of this land and its long-term idling from agricultural use.

I have exhibits attached there for your reference.

What we're talking about here is good land, good productive land. I want to paint a picture that what Ducks Unlimited is doing is they're purchasing uplands. They're purchasing the lands that our communities make their livelihoods on. It's not some swamp land.

Saskatchewan needs to restrict non-agricultural corporation ownership of land. We need more people in Saskatchewan. However it is the experience of our group that Saskatchewan is in need of a protection from non-agricultural corporations that own land to the detriment of our rural communities and ultimately the Saskatchewan economy and the population of our good province.

A case in point is Ducks Unlimited Canada's procurement of productive land. Ducks Unlimited's practice is to remove this land from agricultural production. This is a significant threat to our communities. When Ducks Unlimited procures Saskatchewan farm land, issues are created in the communities that Ducks Unlimited absolutely refuses to address.

Ducks Unlimited's procurement and idling of land is in direct conflict with the cattle industry in the province. And this is an industry, an important industry in our province where Saskatchewan has more than 25 per cent of the Canadian beef herd.

The Canadian beef industry is the largest single source of farm cash receipts at almost \$7 billion in Canada, and beef production contributes over 25 billion annually to Canada's economy.

In a recent proposal advanced to the federal Standing Committee on Agriculture, Ducks Unlimited proposed that as much as 2.8 million acres of Saskatchewan farm land be taken out of agriculture production forever — for perpetuity. Clearly this proposal gives us an insight into the corporate philosophy of Ducks Unlimited and how far Ducks Unlimited would go to acquire Saskatchewan farm land if they were allowed to, unregulated.

Now Saskatchewan organizations have spoken out against Ducks Unlimited procurement of land. For reference of the committee I've attached some of them.

I'd like to draw your attention to exhibit B. It's a collection of resolutions made at SARM, and these were pertaining to Ducks Unlimited. For brevity, two of the resolution oppose the acquisition of any more farm land by Ducks Unlimited. All of these resolutions were passed by a large majority.

Exhibit C is a collaborative letter from the Saskatchewan Cattle Feeders Association and the Saskatchewan Stockgrowers Association opposing the continued acquisition of Saskatchewan farm land by Ducks Unlimited, and that's a quote.

Exhibit F is a letter from the Provincial Council of Agriculture Development and Diversification ADD Boards for Saskatchewan opposing the ownership of large tracts of land by non-resident corporations. And they specifically cite Ducks Unlimited in that letter.

Now procurement of agricultural land for non-agricultural use is contrary to the public interest, certainly our public interest here in Saskatchewan. One of the underlying policies of Ducks Unlimited that creates these issues is that they set aside farm land prohibiting any significant agricultural use. This creates a number of problems for our communities that Ducks refuses to address. I'm going to go through some of them.

This isn't an exhaustive list by any means. First, fire hazards. The long-term setting aside of Ducks Unlimited land results in a tremendous buildup of a fuel source, and it creates an area that could be burned out of control. This is perhaps one of the most serious issues that Ducks Unlimited refuses to address in our communities.

Even in the face of risk to life and property — and some of this land comes right up to people's yards — Ducks Unlimited will not waiver from cutting that land or putting up fireguards. I've got some more reference in there for the committee's perusal.

But also we're creating an environmental catastrophe. It's an environmental time bomb. Out in our area, the Allan Hills, very light soil, if we have a big fire going through there, we're going to have a desert because of the high fuel load that has accumulated over the years.

The other problem that Ducks creates in our communities that they refuse to address is the weed control.

The natural evolution of our prairie ecosystem, our landscapes need disturbance to remain in healthy and sustainable condition. Without agricultural use of our land, the land soon returns to areas of undesirable weed and woody growth. This weed growth spreads to adjacent lands and degrades idle land to such a condition that it is unfit for any type of agricultural productivity.

It is recognized through a seemingly infinite number of scientific publications that this is fact. Yet Ducks Unlimited's no agricultural use policy remains for the most part unchanged. In the Meacham hills area we have Ducks Unlimited land that

has degraded to such a poor condition that even in this year no one would even put a cow on it.

Set-aside land for only a few years produces these types of negative results. Noxious, uncontrollable weed growth, degradation of once productive grazing land, and this is all contrary to the well-being of our community whose economy is dependent on agriculture.

We also have the problem of undesirable, uncontrollable wildlife species. Ducks Unlimited refuses to take part into any assistance with our communities to deal with that. But perhaps the biggest issue is the negative economic impact.

The negative economic impact created in our communities when Ducks Unlimited procures land is of paramount concern. With respect to impacting the price of land . . . two ways in which they do that: first, they artificially affect the price of land; and two, they remove all economic activity from those acquired lands and giving our communities an economic hit and the province a hit.

Now with respect to impacting the price of land above its agriculture reality, farmers or ranchers in the area must pay for land with after-tax dollars. Ducks Unlimited does not pay taxes on the money they earn, therefore every dollar that DU (Ducks Unlimited) earns has more buying power than the individual who first must pay income tax with that earned dollar. A rancher or farmer must earn approximately \$1.50 to have the same buying power for every dollar that Ducks Unlimited fundraises.

Ducks Unlimited has an unfair advantage in this respect, an unfair advantage by the federal government's policy with respect to charities. And this does not create a level playing field. With this increased buying power, DU is able to bid up the value of the land over the economic reality of the farm land's productivity. This causes hardship in those areas as an agricultural producer must now pay more for land than it can agriculturally produce.

Now I know Ducks Unlimited goes to great pains to tell the public that they don't pay more than market value. That's false. I'm here today to give you one example. In November 2001 there was a quarter that was assessed at \$30,000. Ducks Unlimited paid \$46,000 for that quarter. That's 1.533 times over the assessed value of that land. And the highest — we did a data search on that — the highest that farmers were paying in that area at the time was 1.33. So that quarter should have actually sold for 39,000 but instead Ducks Unlimited paid 46 for it.

When Ducks Unlimited procures land, they remove any and all economic activity that was generated from that land thus impacting the economic . . . the local economy. When DU procures land, there is no longer any income generated from the land that annually enters the economy to pay for and support the community businesses that supply fertilizers, fuel, machinery, parts, transportation, or veterinarians, or livestock suppliers, so on and so forth. It's our infrastructure that they're affecting.

Additionally, while there's a small level . . . margin of profit — it's small, but it's out there — but those farmers, those ranchers,

those producers, they take that margin of profit and they invest it into our communities, back into our communities, through the deposits in our local credit unions, to donations to local community projects and churches.

This lost margin of profit cannot be spent to support local service industries such as restaurants, grocery stores, gas stations, and rec facilities. When DU takes out the land, this lost margin of profit cannot be spent to expand the livestock industry, diversify our local agricultural economy.

This lost margin of profit also reduces the income tax base for the provincial and federal governments. In other words, when Ducks Unlimited procures farm land, no matter how small the procurement, it is a total loss for the economies of the local community, the province, and Canada.

The cumulative effect on our communities is staggering. Out in the Allan Hills area, Ducks Unlimited controls about 20,000 acres. Conservatively, if we were to say that each acre was able to earn \$100 gross income a year, that's a \$2 million loss to our area alone. And that's a \$2 million loss to the provincial and national economy, not counting the compounding effect that it would have if we were . . . (inaudible) . . . for example, cattle on that.

Now land set-aside programs have also been studied to death in the States, and they've been shown to contribute to rural out-migration. Rebecca Roberts in her study of rural population loss and cropland change in the southern US found that cropland idling programs had an estimated negative effect on population six times that of converting cropland to pasture.

I'd like to draw the committee's attention to our exhibit H, which is a copy of the *Minnesota Agricultural Economist*, and I want to quote from the authors for the record. The authors state:

Our study showed that the number of rural nonfarm people decreased by approximately 50 (per decade) for each 1,000 acres of cropland diverted.

In their conclusion, the authors write:

Cropland diversion programs have clearly contributed to the relative decline in the rural nonfarm population, due to nonfarm economic dependence on the farm sector. The relative decline of this population along with reduced farm numbers has meant a decrease in the size of the rural population as a whole. The declining population has contributed to the decline of the overall rural economy. Institutions serving rural communities including churches, schools, and hospitals have been weakened as well. Although cropland diversion programs may have attained their primary goals — supply reduction and environmental protection (just remember this is a US study) — they may also be responsible for losses in the economic well-being of rural communities.

Now Meacham Hills Forage Club respectfully requests the committee to take note of that study, but also to take note that the . . . that's . . . we're talking about the CRP (conservation reserve program) program in the States where landlords were paid an annual crop rental. It is submitted that when the Ducks

Unlimited buys land in our communities, the negative effect would be compounded much more compared to . . . with the studies we've cited because there would be no annual cash rent going to the people in the community.

In conclusion, the negative effects of Ducks Unlimited buying land in rural Saskatchewan are substantial with respect to the impact on the value of land and the decreased economic activity created by their set-aside programs. Clearly this is contrary to the aspirations of our rural communities in our Saskatchewan society.

Now the other concern that we have is foreign control of our land through the back door. Individual producers and members of Meacham Hills Forage Club have been repeatedly told from Ducks Unlimited that they can't let this land be used for agricultural purposes because of the agreements they have with their funding agent. Well this year we finally found out what that was all about. And these are quotations from the federal Standing Committee on Agriculture and Agri-Food on November 1. Ducks Unlimited gave a presentation there and Mr. Turner from Ducks Unlimited stated that:

. . . about \$20 million Canadian . . . (US . . . comes) from the U.S. Congress.

Further, Mr. Turner stated:

We also get about \$30 million Canadian a year from . . . (Ducks Incorporated) in America.

Dr. Gray went on to speak on restrictions on that. And I think it's important to note this:

Every year the House and . . . Senate have to appropriate funds, whether it's 45 million or not. The restrictions for those moneys are, one, it has to be matched by . . . non-U.S. federal dollar, and it can be matched by . . . state dollar, it can (also) be matched by an NGO like Ducks Unlimited Inc.; and two . . . (40 per cent) of . . . (the) money has to go to Canada . . .

He goes on and he says:

. . . sorry, the last thing I mentioned — what's very important . . . that there's money that comes from Congress that's matched to come to Canada. The other restriction is that they want it to be perpetual. They want it to be there forever, so they like land purchases.

Now I've provided to the committee a synopsis of the Ducks Unlimited annual report. You'll see that they make . . . they've a budget of over \$70 million. But clearly two-thirds of that budget comes from the . . . from an initiative of United States Congress. And clearly that money is restricted for perpetual effect, sorry, which is a stated preference of land purchases. This is foreign control of our land through the back door. This is patently wrong. It should not be allowed under any circumstances.

If we were in the United States we wouldn't be having this meeting here because Ducks Unlimited, Inc. in the United States does not own land. They only buy it and hold it for a very

short period. And yet we have Ducks Unlimited Canada coming before you and asking to buy up more of our land.

If you want rural people, if you want people in Canada, we have to — or in Saskatchewan — we have to open up that land possibility for people to use that for economic purposes and not set aside.

Meacham Hills Forage Club asks that the committee place considerable weight on the concerns that are raised by the organizations that have spoken out about the problems that they have with Ducks Unlimited. These organizations have spoken up because there are problems with Ducks Unlimited procuring land in our communities.

Large non-agricultural corporations have the capital and the ability to buy up large tracts of land for purposes that are contrary to the community interest. A large non-agricultural investment in land in a concentrated area could severely damage a rural community and it has.

Saskatchewan is in need of legislation that will protect the public interest against an abusive land ownership. One solution to protect the public interest would be to limit non-agriculture corporate ownership in its entirety. However, this would work against corporations that would have a legitimate purpose to bring economic prosperity to our region.

It is respectfully submitted that section 84 and section 91 of the Act be retained in any new legislation contemplated. The intent is that the Saskatchewan Farm Land Security Board could grant exemptions to non-agricultural corporations to own land if the board deemed it appropriate to do so. Now this could be a win-win situation for all parties.

For the communities it would give them an avenue to pursue to stop land purchases that were contrary to the communities' interests. For the non-agricultural corporations, it will give them means to acquire land in Saskatchewan if the situation is appropriate.

The Act has been a course of last resort for our community. Meacham Hill Forage Club requests that the committee recommends continued legislation protection from non-agricultural corporations seeking to procure Saskatchewan farm land.

I thank the committee.

The Chair: — Thank you. I'll remind the committee members that we have 10 minutes for questions and answers. So if we can keep them pithy, brief, short, we can get more questions in.

Mr. Weekes: — Thank you, Mr. Chair. Thank you for your presentation, very interesting. We as MLAs have heard from many constituents their concerns about Ducks Unlimited and their activities.

Ducks Unlimited made a presentation this morning and one of the things that you mentioned that they're proposing to take 2.8 million acres of farm land out of agricultural production for perpetuity. Their explanation why it is that they're ... why they're putting conservation easements on is because of

government legislation. They're just meeting the requirements of the government. Could you have a comment on that?

Mr. Korol: — Well actually that 2.8 million acres is ... whether it's purchases or conservation easements, those are two separate issues. But conservation easements are a problem. In the States, they're big. They are to preserve land for farm use.

The problem I have with Ducks Unlimited's conservation easements is that they're not defined enough. We do not know what they're preventing. And it is open to the courts to interpret. It caused a huge problem. In fact I have a document from Ducks Unlimited that states that is the only time they will take a farmer to court is to enforce their easement. I think we need to define that.

The other problem is, is that it's going to have a hit on our municipal tax base because it's going to lower the value of our land. And what's going to happen is there's going to be a shift of ... We're still going to need the tax money. We're going to have to shift that more and increase ... and it's going to become more of a burden on our producers as it is already.

Mr. Weekes: — One follow-up, if I may. What is your group's position on allowing Canadians who are non-residents of Saskatchewan to own farm land?

Mr. Korol: — We do not have a position.

Mr. Weekes: — You do not?

Mr. Korol: — That's right.

Mr. Forbes: — In your introduction you identify yourself as a conservation-minded, non-profit organizations. And so I'm curious in terms of what kind of activities do you do to promote conservation in your area?

Mr. Korol: — We work hand in hand with what's called the Saskatchewan Wetlands Corporation. We are doing rangelands management ... we actually have a rangelands management school next week. We hold about two seminars a year. We're doing benchmarking of rangeland. We're going into communities and encouraging stewardship practices. That's the type of thing we're doing.

Mr. Forbes: — Could you elaborate on how you mean benchmarking? What's going to happen in one of those schools?

Mr. Korol: — Okay, what we're going to do is we're going to be ... we're going out to the area, and we're having professional biologists coming in and doing evaluations of our rangelands. We're setting up programs to improve those rangelands, if they need them. And also what we're finding is that most of the farmers are good stewards of land; they're up to par. There was another question you had.

Mr. Forbes: — What would happen at a typical school?

Mr. Korol: — Oh, at a rangeland school, we're going to go out, we're going to identify some good practices, some poor practices, go out and identify the different grasses. We're

developing a tool to measure rangeland so we can tell how long a cow should be on it so it's not on too long and that type of thing.

Mr. Forbes: — So just one follow-up. Have you identified or would you establish sort of a benchmark about how much land should be set aside in Saskatchewan for conservation purposes? Or is that basically up to the individual farmers?

Mr. Korol: — I don't know what you mean — set aside for conservation purposes. If you say, not to allow any agricultural use on it at all — zero. That is unless there are some, there are some areas out there that may be for, like, for a whooping crane or something. There's always some specific or some specific wetlands.

But of the normal course of our Saskatchewan land, you're getting all the same benefits from good stewardship as you're getting from Ducks Unlimited by setting aside their land. The additional benefit you're getting is that you're getting economic stimulus and you're getting people living on that land and making a living.

Mr. Bjornerud: — Randy asked my questions.

The Chair: — Oh, excellent.

Hon. Mr. Wartman: — Thank you. Mine were basically answered, but I have one more. Just an angle I want to check with you.

You referred to the US study and noting rural depopulation was partly caused by set-asides. Do you have . . . Did the study . . . Or do you have a sense of how significant that was, given all of the other factors that have contributed to rural depopulation including farm size necessary to make a living?

Mr. Korol: — Yes. Both those studies factored all that in. The numbers I gave you are the population losses directly attributed to set-aside programs. So the price of commodities and the natural evolution of farming has all been factored out. Evert . . . or Van der Sluis is quite an extensive study. It's about 200 pages and it covers all that off.

The Chair: — Thank you very much for your presentation. On behalf of the committee, I'd like to thank you for taking the time out to be with us here today and giving us your presentation. And thank you for making the journey down here.

Mr. Korol: — Thank you for hearing us.

The Chair: — Thank you. Our next presenters is the Saskatchewan Young Farmers' Forum from Wynyard, Saskatchewan. Norm?

Thank you, Norm. The normal process here is that the members of the committee will introduce themselves and then we can ask you to introduce yourself and give us your presentation.

So with that, my name's Ron Harper. I'm the Chair of the Standing Committee on Agriculture and the MLA for Regina Northeast.

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

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Hon. Mr. Wartman: — Mark Wartman, Regina Qu'Appelle Valley, sitting in for Pat Atkinson.

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

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

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

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

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

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

The Chair: — Thank you. Norm, the floor is yours.

Mr. Hall: — Okay. Norm Hall from Wynyard and I represent the Saskatchewan Young Farmers' Forum.

Before I get started, there's one thing I hate and that's writing speeches, and it's another thing I hate even worse is reading them. So my comments are in front of you but my talk today won't be verbatim.

First a quick introduction to the group that I represent — the Saskatchewan Young Farmers' Forum. It came about from another group, the Canadian Young Farmers' Forum which was established to bring farmers together from across Canada to discuss ideas, needs, problems that they have. And a couple of years ago I became chairman of that group, and one of the goals that we set out during my tenure as Chair was to affiliate provincial groups.

Now east of Manitoba just about every province has a young farmer group of one sort or the other. Manitoba west there are none, so Saskatchewan became the first from scratch affiliate of the Canadian Young Farmers' Forum and the scratch started on January 11 of this year.

At our inaugural meeting we had a couple of speakers and one of them just happened to be Gordon Nystuen, deputy minister of Ag for Saskatchewan. And the topic of his talk happened to be The Saskatchewan Farm Land Security Act.

Now in the two months previous to that meeting I had the opportunity to listen to Mr. Serby speak twice on The Farm Land Security Act, and in both of his speeches the main body was the economic reasons for changing the Act.

Now let's look at economics from a young farmer's point of view. Now is this change going to increase the price of grains and oilseeds? No. Will it increase the price of cattle? No. The price of pigs? No. The price of farm chemicals? No. The price of farm machinery? Not likely. The price of land? Quite probably.

Now if you look at that just from the outside it looks like a wash — no income increase, no expense increase, so why are we worried about it?

Let's look at who it's going to benefit. First off, the farmers or landowners that want to get out of agriculture. And they will get more money for their land, therefore get more money in their retirement accounts and maybe even cap out on the capital gains exemption and have to pay the government a little income tax. So the government gets a little bit out of it.

The banks always seem to win. If I'm going to buy from Joe Neighbour, I have to borrow more money therefore higher interest payments. There's the first hit on me — higher interest payments.

And if this will be a slow increase in land price increases and if it's like any of the other land assessments we've had over the last three or four years, the mill rates aren't going to change so I'm going to be paying more land tax and more school tax. But why shouldn't that change? It hasn't changed in the last 30 years. I'm paying four times what my city cousins are. But I'm being cynical here.

So that's the second hit. So two to three levels of government benefit, the banks, and exiting farmers.

Now politicians in Saskatchewan lament that, hey, there aren't any young farmers taking up farming any more. And why is that? Terry Hildebrandt from APAS (Agricultural Producers Association of Saskatchewan) says, put profit back into farming and you'll get young farmers. That's only one of the keys.

The other one, or another one, is young farmer friendly policy. The average age of a Saskatchewan farmer — Canadian farmer — is between 55 and 58, outside of Quebec. In Quebec, the average age is 45. And you might say, well they're subsidizing their farmers. They've got dairy and chicken and egg, but they've also got young farmer friendly policy that brings young farmers into the fold.

Another lament of provincial politicians is population decline, not only in rural Saskatchewan but all of Saskatchewan. Now I'm not saying that changing this Act is going to open the floodgates that have our population leaving, or is it going to bring it more in, as Mr. Serby seems to think. But that's not the answer to our rural economy — changing this Act.

Now getting back to our inaugural meeting with Mr. Nystuen's speech. Now he touched, just briefly touched, on the economic part of the change. The main body of his presentation was on legalities, the constitutional challenge to this Act.

Now Mr. Nystuen only had a half-hour to talk to us so he couldn't get into very much detail, but what he did get into is scary. Like if Saskatchewan loses the challenge, we not only have to open up the Act, or our land, to Canadians, but NAFTA cuts in then and we open it up to the rest of North America.

But this is maybe where the ignorance of the American educational system will do us a benefit. Hell, who'd want to live there — there's only buffalo, polar bear, Eskimos, and Indians.

But you know there's subsidies all over the world. The Americans have theirs; the Europeans, Chinese, and Japanese, and Arabs also pay subsidies to their farmers to grow crops.

Here in Canada we're cutting them out. We lost our GTA (Grain Transportation Act). We're now paying user fees for the Canadian Grain Commission. We lost our 25 per cent educational tax rebate. I've made my points on that one already. And our crop insurance coverage has gone down. Now I'm not saying that all of those reductions are wrong, but they're not right if the rest of the world doesn't follow.

And young farmers are willing to compete on land prices against anyone in the world — Canadians, Americans, Europeans — as long as they're willing to live here. Because somebody has to pay for the infrastructure of this province and it's population that does that, not depopulation.

And again, we're willing to compete, but we cannot compete against the Toronto banker, the Vancouver lawyer, or the Edmonton oilman. Granted, they're probably all Saskatchewan boys but — because we've populated the rest of Canada — but we cannot compete against that kind of dollar.

Because in the previous presentation, it was stated that, you know, the value goes up beyond the production of the land. Changing this Act will not change the production of the land — \$20 an acre net profit is all it'll . . . all you'll get, whether it's \$300 an acre land or \$800 an acre land.

Now we as young farmers in our short time have seen things change. And we know this . . . there'll probably be a push to change this.

If we are going to change it, let's take the go-slow approach: maybe open it to 640 acres for Canadians; maybe change the residency requirements from 180 down to 150 or 120. If you change it to 120, then the rest of our young farmers will be legal because they're here for four months out of the year farming, and they're in Alberta the rest of the time working in the oil patch.

But take the go-slow approach because if we don't, if we open it wide open, our Canadian Constitution won't let us close it again and neither will NAFTA.

Our Saskatchewan Young Farmers' Forum members are young, enthusiastic, and at the beginning of our careers, and we want to invest in Saskatchewan. Please don't shut us out.

Thank you.

The Chair: — Thank you. I'll remind the members of the committee that we do have an opportunity for a question/answer period here. And we have approximately 23 minutes.

Ms. Harpauer: — How many members does your organization have in Saskatchewan?

Mr. Hall: — We just got started in January. We've got 25 members currently.

Ms. Harpauer: — Thank you.

Mr. Forbes: — How did your organization get started? What was the driving force in January that caused you folks to meet?

Mr. Hall: — Well just talking with young farmers in different areas. And you go to a farm meeting and you can count the number of young farmers on one hand. And if there's policy being made at those meetings, it's not being made by or for young farmers. And a lot of our ideas are the same as the rest of rural Saskatchewan, but sometimes we come at it with a different twist, and sometimes that requires a change in provincial or federal policy. And just as I said, talking with different young members or young farmers around the province, we decided to give it a try.

Mr. Elhard: — Norm, thank you for your presentation this morning. You know some of the questions I've asked will lead people to believe that I'm pretty hard-nosed about this whole issue. But you know, it's not that long ago that I was a young farmer. I came to this province from Alberta and took up farming from scratch, never had been a farmer before, didn't know much about it — learned a lot of hard lessons quick.

And so I'm very sympathetic to a lot of the issues you raise here. I understand those questions and I remember asking them myself. But I guess there is another angle that needs to be considered and that is, if there's a fear the farm land prices will go up with the opening of this Act, why are relatively cheap prices right now not encouraging larger numbers of young farmers to take up the industry?

I mean if it's that big an issue, with land prices as reasonable as they are right now — and right now my land is significantly less value than it was when I bought it 20 years ago — why aren't there large numbers of young people rushing back to Saskatchewan to take up farming?

And then the supplemental question, so I don't have to take up too much time is, would not young farmers be just as well served in the early stages of their operation in having access to leasable or rentable land?

Mr. Hall: — Well that's generally — I'll answer the second question first — that's generally how we start farming is renting land, leasing land from neighbours, uncles, parents. And there was an economist at one meeting I was at said that increasing the land values will increase your equity in the land. That's fine if you own the land, but for a young farmer starting out, renting land . . . this is old math mind you, but whatever you multiply zero by you still get zero.

So you have to come up with that extra capital to buy the land. And here I'll repeat a comment I made earlier — 20 bucks an acre profit on \$300 an acre land looks a hell of a lot better than it does on \$800 an acre land as far as making payments.

And we've held workshops at both the provincial and national level and this was on what's holding you back from going full steam ahead in agriculture. And the answer at both levels was access to capital. In fact, we held a workshop in Saskatchewan here just on that topic alone.

But access to capital. Again, you take that \$20 an acre profit on \$300 an acre land, you can make ends meet on that. But you

take \$800 an acre land and that goes out the window.

What's not bringing farmers, young farmers into the fold right now? I said it earlier, profit. You put profit into agriculture and there will be all kinds. That's when you started, when there was profit in agriculture 20 years ago.

Mr. Elhard: — Right at the end.

Mr. Hall: — Yes. Well, me too.

But that's what brought you in, wasn't it? There was some profit in it. And also, young farmer-friendly policy. And right now, changing this Act is negative towards that.

Mr. Forbes: — Well I guess, just to follow up on the friendly policies or programs, could you talk about some of the programs that would be young farmer-friendly?

Mr. Hall: — Tax incentives. There's not a whole bunch of profit in agriculture. But I don't know if it would be a land purchase incentive or there are some incentives for getting into livestock. But something positive that gives the young farmer a break.

There's the federal loan guarantee. Maybe a provincial loan guarantee for . . . and you'd have to specify the age of the farmer and maybe the net worth that's eligible. But something that will help bring farmers in.

The Chair: — Any other questions. Not seeing any, I want to thank you very, very much for your presentation. It was very enlightening and it brought a youthful perspective to the issue. Thank you for making yourselves available.

Mr. Hall: — Thank you for your time.

The Chair: — Thank you. Our final presenter for this morning's session is the National Farmers Union. Paul, we'll ask you to come to the table please. Paul, the normal process here is that I invite all the members to introduce themselves and then ask you to introduce yourself and make your presentation. My name is Ron Harper, I'm the Chair of the Standing Committee on Agriculture, and the MLA for Regina Northeast.

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

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

Mr. Bjornerud: — Good morning, Paul. Bob Bjornerud, MLA for Saltcoats constituency.

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

Hon. Mr. Wartman: — Hi Paul. Mark Wartman, MLA for Regina Qu'Appelle Valley and I'm sitting in for Pat Atkinson today.

Ms. Jones: — Hi. Carolyn Jones from Saskatoon Meewasin constituency.

Mr. Forbes: — David Forbes, Saskatoon Idylwyld.

Mr. Kaczkowski: — And I'm Viktor Kaczkowski, Clerk to the committee.

Mr. Harmon: — Yes, I'm Paul Harmon. I'm regional coordinator for Saskatchewan which is referred to as region six. I farm at Consul. I guess that you can call it farming, I don't know. If you can't make money, I don't know what you'd call it at that time.

A Member: — Exercise.

Mr. Harmon: — Exercise. Well I don't know. Like a lot of farmers is, unfortunately, is that I've had to take off-farm work to subsidize a farm. That's another issue although it is closely related.

When I wrote this I understood I was the very last one of your whole hearings and I was trying to think of how I could say something different that somebody other . . . so you don't have to hear the same thing again, is because I can't say it all anyway and the facts speak for themselves.

And so I took probably a little bit different tact is . . . and I also to help, I thought I would prepare and read it, although like the previous speaker, I don't particularly care for it. But for the most part, I also noticed that it kind of keeps people from flipping through. Maybe they do anyway but is it . . . I know your time is limited and you may not have time to read it and it's a good basis.

I'm pleased to be here representing the National Farmers Union to put forward our thoughts on this important issue of farm landownership in Saskatchewan.

The National Farmers Union is an organization of Canadian family farmers and has policies that are designed to benefit those family farms. Our memberships consist of the family — the children, the mother, and the father — and extends them the equal participation and respect to which they are entitled.

To be clear very few members could be classified as a mega farm or corporate farm or that which requires more than the family to achieve the work required for a good stewardship.

I, like most members, was raised on a family and returned to the family farm to try to continue what my parents had continued from their values and principles received from their parents and added to by their life experiences. I give back to society . . . To give back to society became active in an organization that works to develop public policy with similar values and principles for the public good. That is in my belief the NFU (National Farmers Union).

The fundamental principle at stake here is how our society is to be organized and, more specific to these hearings, how is agricultural production to be organized. The NFU statement of purpose states, quote:

It is in the best interests of our nation to maintain a sound rural community on the strength of an efficient and economic farming industry, and broadly based ownership

and/or control by farm families of the basic resources for food production.

It is very evident that the number and type of rural communities will be dictated by the number and type of food production units in the rural areas of Saskatchewan. The wisdom for the past few decades had been to get bigger, get efficient, adopt the newest technology; and it revolves between becoming specialized and to diversify.

The farmer has for the most part done as told but their net incomes have continued to decline. The only consistent part of this process is those who provide the advice never suffer the consequences for it.

The attitude towards the food producer is, you cannot make it on the farm, you're not a good manager and not efficient, and you should get out of the industry so those who are good managers can do the job right. Yes, I know that most detractors do not put it in these terms but this is what they're really saying.

Of course this attitude of blaming the victim takes many forms, has become integrated, not only in urban minds but in too many rural minds also.

At another times, these same pundits will state, we are the most efficient food producers in the world and compete internationally and adopt technology faster than anyone else in the world. To me, a good question would be, is why are these learned people making contradictory statements because the first premise does not follow with the latter.

These simplistic, free enterprise, dogmatic statements are made for the purposes of concision and to confuse and divert the debate from where it needs to go.

What will be the policy for the greatest public good? The public good when referring to food production would mean a stable supply of wholesome food provided to the consumer. And in Saskatchewan cases that not only applies to Saskatchewan residents, Canadian residents, but also, because we're a major exporter, world residents.

The principle must be stated plainly. It is the number of food producers and who controls the food producing land base of a society which dictates the type of rural community. NFU members are farmers who only have a land base large enough which a family can adequately manage and care for to make a living for themselves and to leave the land better than they found it for future generations.

Our members' philosophy is not to be on this earth to see what they can get from it, but to make it better for all — not fewer, as is the trend. Therefore we do not view mother earth, as the first residents of this country called it, as something to exploit but to provide wholesome foods for the world's citizens. The production of that which is vital to the sustenance of humankind should bring pride and honour to those who produce this food.

We believe that any honourable profession should only require an average of a 40-hour workweek, and to receive an adequate income for that work. Reducing this production to commodities

has caused the opposite to happen. Farmers have to get a larger land base, work harder, hold off-farm jobs to subsidize the food they produce, and get little recognition for this contribution.

It also must be acknowledged that the more time one spends on and off the farm to provide for the family, the less time there is for — shall I call it the pleasures of life? — spending time with one's partners and children, spending time on one's hobby or learning, spending time socializing with friends and relatives, and having enough time to give back to the community or society.

The modern term for not attaining balance in these things within our lives is called dysfunction. I believe we are all familiar with the problems and cost this has to our families and our social system. But that is for another hearing. The point is, how many rural families can be like this before the community becomes dysfunctional and is destroyed?

At one time we revelled in these types of communities and called them ghost towns, but now only a monument is placed there to help others remember. The current attitude towards and lack of respect for the family farm is indicated by what happened in the ACRE report.

The mandate which the committee first laid out included that part of its responsibility was to, quote:

Provide . . . recommendations . . . which will: . . . recognize the inherent social and economic importance of family farms and rural communities.

I find it very telling that of the original objectives it is this one that was omitted from the final report. What other conclusion can one draw than those who have influence have no interest in putting in place policies which will benefit family farms and communities. Their magical solutions are to adopt technology faster, bring in more foreign capital, and allow non-residents to own our resources, and get the expertise we need from them because they have all the answers — we have none — and turn everything into a commodity. Only then, they believe, will we prosper.

We have to ask ourselves if the toned down version of these policies had benefited Saskatchewan agriculture and its communities. The NFU believes this policy has not been successful for the last two decades and more of it will only make things worse.

Some may wonder if these arguments relate to the issue at hand, which is landownership. I assure you they do. Something enduring can only be built upon a solid base. A base so solid it can't be undermined. Yes, I'm talking about the people of Saskatchewan owning their own resources, their land. Land is a base of a society and is so precious that we can't afford to turn control over to non-residents.

If we want rural communities, we must have family farms which support and work in these communities . . . having large production units, which for the most part contribute little to the community.

The issues surrounding ownership of farm land need to be made

simply and NFU has no claim to knowing all of them. Some of the issues have been explained. Others are self-evident because of the acceptance of them as standard business practices. Some are these concerns on non-resident landownership and the trend to larger units. And I must add that . . . is that this can also happen even if we don't allow non-resident ownership; is that even if local members, local farm community members continue to enlarge in size is their communities are going to decline. I mean average size is in the statistics.

So the points are no or little personal contribution to the community, net decrease in families in the community, decrease in community services and communities themselves. Unless incorporated within the province, taxes will be paid in another jurisdiction. And of course none of the personal income earned will be paid by any of the shareholders, etc.

Investments are made to maximize returns, i.e., least-cost production, which means labour and inputs. And once the investment has, quote, "exploited the land," the money will be taken elsewhere for a better return.

It is time that family farms begin to receive the respect and consideration deserved for the contribution to society and that best can be shown by providing them the basis to continue building a solid foundation by having them own the land on which they produce the food.

An age-old adage we have to recall is, we reap what we sow. Unfortunately too many citizens of this country have to accept the consequences of others' decisions. I hope that in this instance that more family farms and rural communities do not have to suffer the consequences their neighbour has already suffered. Thank you.

The Chair: — Thank you. I'll remind the committee members this is the opportunity for question and answers, and we have 15 minutes.

Mr. Elhard: — Thank you, Paul, for this report. I probably knew what you were going to say before you presented it.

Paul and I have a reasonably close living situation and he has been a customer on one or two occasions in the past so . . . We haven't had a lot of discussions on this particular issue.

But, Paul, I . . . One sentence that jumped out on me from your report, on page 5 . . . Maybe before I refer to that I want to say that I don't think anybody on this committee looks negatively on the concept of the family farm. I think we are all very sympathetic to the family farm concept. And I believe the members on the opposition side of this committee all represent family farms. So you understand that there is a sympathy here.

But the question that jumped out at me as a result of one sentence on page 5 was, right at the top of the page:

Land is the base of a society and is so precious that we cannot afford to turn control of it to non-residents.

I'm assuming from that that your belief is that, if this Act is opened, we are going to have a rush of non-resident ownership. Is that a fair assumption? Or would you also say that it's

dangerous to allow any amount of land into ownership outside of Saskatchewan? Is there no room in there for any amount of ownership by outsiders?

Mr. Harmon: — Well it's a pretty broad question. Do I have any evidence there's going to be a rush to purchase land? No. If we want to follow current economics, money will only come when it's . . . you know, the profits of investing it are attractive, however that attraction is being made. And of course most money is attracted through subsidies.

I mean you can call them what you want. There's a lot of fancy terms for them, you know, tax incentives, you know, whatever you want to call them. But let's call them what they are is subsidies.

I mean how can one be good for somebody and no good for anybody else? So I think we need to be clear on that.

I believe our premise is, is that those who produce need to own the land or have long-term access to it. And I don't think . . . for a number of the people who are quite familiar with the NFU, we've had a long-standing policy that we believe very strongly in long . . . in the land bank. And it had many benefits. Of course a lot of people just hated it and there was a move to get rid of it right away. But I mean every time that land turns over, which is sometimes . . . now it's probably getting to be less than once every generation, is that twice the worth of that money always goes to the bank.

As a previous presenter basically said, that there's just too many middlemen along the way and this is what's affecting the net returns to a lot of farmers right now. And so I think a solid community is either farmers have to have the base of land, is they own the land themselves or they have long-term access to it. The others are an unknown.

The Chair: — Very brief. Very brief.

Mr. Elhard: — As you know, Paul, a lot of the existing land ownership is by people who don't live in this province. And I'm assuming, from your perspective, that is a negative factor in today's farm economy?

Mr. Harmon: — Well I think that the Act does provide so that if people want to buy here, they can move here within five years. And I don't think that's unreasonable because we do live somewhat in a democratic society. That's argumentative depending on who you are, and I've heard lawyers, philosophers, and everybody argue from both sides.

But it is . . . There is access if they want to live here. And only through residents owning and controlling that is there a chance. Non-residents have a tendency to depopulate. I mean to me it's simple. I don't think there's an argument on that.

Hon. Mr. Wartman: — I just want to follow and I had a couple of similar questions. But I want to ask you, Paul, what do you envision happening if we open the Act to broaden ownership by Canadian citizens? What do you envision happening?

Mr. Harmon: — I was here last week and I anticipated some of

these questions. And, you know, I like to say since I am from the NFU, I got all the answers. But is it . . . You know, there's one thing about it is that we're all farmers and I'm not an international trade lawyer.

And I am, I'm very concerned if you change this Act at all. Now someone suggested — and I understand where they are coming from — well, you know maybe we can do a little bit on a trial basis. But we've learned from the international trade challenges, uh-uh, you don't get any second changes. Once you start to change something there's broad implications and you don't know where they are going to, you know, or where it can lead.

Now someone I respect very much also said — and I've observed this also to a certain extent — that is it . . . if we don't understand it, the people that got it changed that way certainly do and they know where it leads or will lead. And so I think that if we do anything is that we use, what I guess is in more common terms, a precautionary approach, and we always err on the side of safety to prevent something from happening instead of opening the Pandora's box because you never know.

Hon. Mr. Wartman: — Yes, I was asking for your vision of what you perceive could happen, and I think what I hear you saying is that there is risk of NAFTA challenge if we open the Act at all and make any kind of changes. And with that challenge we've seen a number of instances where even if, even if they don't win on the first round, they keep challenging.

And so I am assuming from what you have said that you think that there is great risk in opening at all and that we need to be extremely cautious in even considering the possibility of opening it. Did I hear you correctly?

Mr. Harmon: — You summed it up quite well and I, I can say, maybe because I'm not an expert, that is my greatest fear — that's one of my greatest fears of changing it, yes.

The Chair: — Last question.

Ms. Harpauer: — You said that you don't foresee a huge surge of vacant landowners happening if, you know, this Act is changed. But we're hearing from other presenters and just off the top of my head, I thought of ACRE, and CFIB, Agrivision, real estate association were some of, not all of, the problem being the perception. And it's not the perception that we want someone else to own our farm land, but perception of businesses coming to work. It affects businesses and other areas coming to our province.

And they're saying the perception is that we're not business friendly, that we are not really willing to attract outside investment dollars. And this has been a deterrent to the growth of our province to increasing population. And they have said that they have talked to people, businesses outside of the province, and this is what this Act is one of the things that's being listed. It's not the only thing, by any means. There's other things in our province that's considered, you know, to be a deterrent as far as red tape, regulations and, in honesty, the taxation regime we have.

If there isn't a huge change to the land itself . . . (inaudible) . . .

but we do change the perception and we do attract small businesses into our province, and it does attract investment dollars into agribusinesses and other areas, is . . . do you think that that is true? Like is there a perception out there that this Act is giving outside investors?

Mr. Harmon: — Well I guess you have to agree with the premise. And I don't agree with that premise. There are some people who are putting forward that, you know, this is what's holding us back. Just like there's . . . (inaudible) . . . incentives for investment. Well it's holding us back. It's like I said on my presentation is it . . . you know we've opened up things, we've made things attractive, and has it helped? I don't think so.

I mean there has to be overall policies designed to achieve the type of social community you want however that comes about and I didn't think that this was a place for that. And then if you would be more than happy to put forward our ideas on that, because it can get quite lengthy the type of policies you put in place to achieve those types of communities.

Is it . . . unfortunately things like removal of single-desk selling for hogs and the gathering system is it . . . has basically destroyed a number, a number of diversified farms. Is it . . . these hog barns going into these locations have divided communities. Those are facts.

And it's those type of policies are not working in opening up . . . make more of the same, is we're going to get more of the same.

I hope that answered your question. I did it kind of in a roundabout way, but I mean we have to agree if we're going to get anywhere, we're going to have to agree on what kind of society we want. If we want a society of free enterprise and capital, is you're going to get it. But if you want a society based on community values and people helping each other instead of taking advantage of opportunities presented to them, I think we're talking about two different philosophies.

Ms. Harpauer: — Thank you.

The Chair: — Any further questions? Not seeing any, I would like to, Paul, thank you very much for making your presentation. On behalf of the committee we'd like to thank you for being here and taking time out to be with us and bringing us a very thought-provoking presentation. Thank you.

The committee now stands recessed until 7 o'clock p.m. tonight.

The committee recessed until 19:00.

The Chair: — We will reconvene the Standing Committee on Agriculture. And the presenters before us tonight is Dr. Hartley Furtan and Dr. Richard Gray. I'll ask them to make their way up to the mike. And welcome to you both.

What we'll do is I'll ask the committee members to introduce themselves, and then we'll ask you to introduce yourself, and then we'll have your presentation. My name is Ron Harper. I'm the Chair of the Standing Committee of Agriculture. I'm the MLA for Regina Northeast. And we'll start with Mr. Osika.

Hon. Mr. Osika: — I'm Ron too, 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. Kaczowski: — Viktor Kaczowski, Clerk to the committee.

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

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

Mr. Elhard: — Wayne Elhard, MLA, Cypress Hills.

Mr. Weekes: — Randy Weeks, MLA for Redberry Lake.

Dr. Gray: — I'm Richard Gray, from the University of Saskatchewan.

Dr. Furtan: — Hartley Furtan, from the University of Saskatchewan.

The Chair: — Gentlemen, we're ready for your presentation.

Mr. Prebble: — . . . (inaudible) . . . MLA for Saskatoon Greystone.

Dr. Gray: — Thank you very much, Mr. Chairman. First of all I'd like to thank the group for the invite to come and address you tonight on this important issue. Dr. Furtan's going to be talking about rent seeking and people having particular interests in this issue. I thought initially I should state my interest in this particular issue.

I do own some farm land at Indian Head, fourth-generation owner, I guess, of the farm. I have a 20-year-old son that wants to be a rural ag mechanic. He's practising as an apprentice right now. Whether in fact his future involves farming is yet unclear, but I thought at least I'd state that as some of my interest.

As an academic interest, working in the department of agricultural economics, the welfare of rural Saskatchewan and Saskatchewan as a whole is something that we consider on a regular basis, and this is an issue that we've discussed and examined for some time.

I also want to mention that earlier this spring I hosted a conference in Saskatoon on farm land ownership, and some of the remarks I make tonight are based on the expert opinion that we heard at that time, so I'm . . . some of that tonight.

I guess the focus of my discussion is going to be to discuss what I think are some of the popular misconceptions, I guess, about the impacts of the Saskatchewan ownership law. And I'll go through each of them one by one, and then maybe we can pass it on to Hartley and we can open it up for discussions.

One claim is that Saskatchewan farm ownership law creates

opportunities for local farmers and, if we can maintain the local farmers, we will do a lot in maintaining population in rural Saskatchewan.

And I guess I think that's a misconception in the sense that rural population or depopulation is driven by technology and farm size, the growth and farm size that happens here, and declining prices that happen internationally that are at least driven by technology.

For those of you involved in the grain operations, with today's technology one unit, roughly 5,000 acres, 7,000 maybe in a dry area, 4,000 in a big area, that's sort of where the scale of agriculture is at right now for a single unit. That's not going to change with any law. It's I guess a technological force. And if you go to 5,000-acre farms, that's 10,000 commercial farms in Saskatchewan. That's where the technology is at; that's where grain farming will take us if we just let everybody get to their optimal size and obviously that size will increase over time and farm numbers will decline. Not a lot we can do about that if we stick strictly with grain farming and doing what we did to a large extent in the past.

And I guess I want to point out that I think that rural population and population of rural areas is a central issue for Saskatchewan, and it's something that probably will not be addressed by the current farm ownership laws.

Another, I guess, myth is that particularly diversification of planting of forage leads to rural depopulation. There's some sense that if you take land out of grain production, you're going to depopulate the areas. I think maybe that was true 50 years ago when grain farms were small. As grain farms have got larger, if you take the 5,000 acres of grain land and you stick it into beef that you could, black soil zone, maybe 1,000 head cow-calf. That's an awful lot of work for one family and it'd create a lot of work, a lot more than one operator can easily do in a grain farm.

And there are other types of farming, of course, that do use land intensively. Obviously intensive livestock operations do have a lot of employees involved. Horticultural crops are another one that use land very intensively and we don't have much of that here.

And I guess I would add that a lot of the people that are currently in grain farms have no interest in going into that particular area. And I think that's a concern if we're going to try to grow those areas and grow the population we need the people that really want to do that and are willing to do that and have the knowledge to do that.

Another misconception is that Saskatchewan farm ownership law has to be there to prevent a corporate takeover of farm land. One of the speakers, Dean Luke, at the conference said quite articulately that the family farm is the most efficient structure in order . . . for grain farming. It's been proven throughout the world throughout history. If you look at if in fact the corporate model were successful of grain farming, surely we would have seen it succeed in some part of the world at some point in history.

But all these farms that get together, they may stick together for

a few years but they don't hold together. So the idea that corporations are going to come in and actually grain farm probably not a real threat.

Marv Painter in the College of Commerce has studied farm land as an investment, as a corporate investment or as part of a portfolio. And what he concluded was that over time farm land has a small enough return that there's not a real sense that someone would invest in farm land just as a real estate investment, if you like, and rent it out from a corporate perspective.

He did say the only way a corporation would be interested in investing in Saskatchewan is if they could take on some higher value activities such as an integrated grain/pork farm, for example, or something like that where there . . . a change in ownership structure may create a new . . . a new opportunity for growth and you may get some corporations in that structure. But it won't be there just to grain farm. It doesn't make any sense.

Another misconception is that the Saskatchewan farm ownership law is not restrictive, it's just perceived to be restrictive. My understanding is that if you read the law . . . the Act as it's written, although there's provisions for exceptions there, the law starts from the premise that there is restrictions on foreign ownership and if the board grants it then you get these exceptions, for example maybe five years to establish residency and that type of thing. But that's not in the law; that's in the board policy.

So the law itself as you read it from a foreign perspective may have more than just a perception of protection there because you can't read into what the policy is and so it may be parts of the law itself that are actually protective. Some people argue that perception is not important when it comes to . . . it's what the actual practice is, is important.

And I guess I'll put this question to you. I know a place where you can buy a really nice seaside resort. It's a great climate, cheap. But it's in Mexico. And the first thing when you say Mexico, a lot of people say, oh but they have foreign ownership laws. Without going to see whether in fact you can get around them, whether you can establish them, people rule it out as an option before they investigate further. Their mind starts planning on something they're more sure of or more sure about.

And as a result you . . . Perception is important when it comes to investment because obviously, or often an idea is cultivated in an entrepreneur's mind long before the actual research is done. And if they don't start with the idea, they'll never get to actually investigate what the actual provisions are and they'll be pursuing an avenue somewhere else.

Another misconception I think is that the Saskatchewan farm ownership, by requiring residency, actually encourages new farmers to move here. From an economics perspective, that provision makes the decision much more irreversible from an individual's point of view. It means they have to plan on moving and they're going to go ahead and do that. And if you make a decision irreversible, it means that people approach the decision with much more caution, just as if you were going to move to a new city, you might want to rent for a while to figure

out where you might want to live and that type of thing. It's not that these people probably don't intend to come here, but if they think they're committed to come here, that's a different level of commitment and it reduces the propensity to even think in that sense or make the decision in the first place.

Another misconception is that the ownership law keeps taxes here. And if you think of a Saskatchewan resident owning farm land, you think well obviously that resident is paying taxes here and anything they earn off the land, we can tax that. But if the individual is living in Saskatchewan and is a resident, if they sell the land they will then have that money to invest, and the return on that investment will also be taxed. So it doesn't change that ability to generate taxes.

Corporations — they're required to report the profits they earn within the province where they're generated which I think is a . . . maybe that is not enforced perfectly, but it's an issue that at least you get some of the benefits back. And of course, the property taxes, they're going to stay in the province regardless of who owns the land.

Another issue which I think I'll comment on just because I've discussed it with a number of people. As a trade economist, I've worked with a lot of people that have studied NAFTA. Also studied with lawyers . . . or I mean talked to lawyers that have dealt with NAFTA as well on a professional basis, and I did ask a number of them what their opinion was with respect to NAFTA. And the general consensus was that if the restriction was . . . if it was less restrictive and freed up the restrictions, generally wouldn't be challenged.

That's not to say that there couldn't be a legal argument developed to the contrary, but generally if it's more relaxed, there's less chance of someone challenging it. If you turned around and did it the other way and you said, we want to make it more restrictive for foreigners, then obviously you would face a NAFTA challenge in that direction for sure, but in a liberalization direction, it was less likely. At least that was the consensus of which the people I consult with had to say about that.

So with these misconceptions, I guess, and other things that I've tried to lay out here — and I'll certainly be willing to answer questions about that — where do we really go from here in terms of this law? And, I guess, on a continuum of, if the law isn't doing its purpose, then what do we really need . . . what do we really need it there for?

If in fact we do need to diversify this economy and repopulate it, then you have to think about giving access to those people that actually can bring that human capital in here. Personally, I think a lot of those . . . that human capital is outside this country, not within this country. Some of it, from Alberta for example, is there for the beef industry, but if you're talking about the horticultural industry or the hog industry or other intensive livestock operations, a lot of that resides in Europe. Some of it resides in Mexico. They're not all capital-strapped in Mexico.

And allowing more open doors, I think, will bring some of those people and their capital here. If there is a concern about foreign ownership in this trade-off between that and rural

population, then if there is remaining provisions, tie the ownership to some form of employment creation. Rather than just say, anything can come in, tie it to some sense that it will be considered if you add so many jobs per acre, that kind of thing, so that you make sure that you accomplish your other goal while allowing access. But the rules are clear, that if you actually are going to create jobs in rural Saskatchewan and people . . . then you can move forward.

A little further down the list, obviously relaxing the restrictions to Canadians would be good, not as good as making these other changes, but it would certainly be favourable. And even if we weren't willing to make all of those changes, I think it would be important to amend the Act to make sure it reflects the current policy that in fact the board has fairly liberal application and does grant a lot of exemptions — five-year residence requirement and that type of thing.

But that should be in the regulations or in the Act itself rather than in board policy which can very easily be changed. And I think it would be important to do that.

So with that, I'll turn it over to Hartley.

Dr. Furtan: — Thanks. Thank you, Mr. Chairman. I won't take too much longer.

I wrote a paper entitled *The Effects of Government Restrictions on Land Ownership, the Saskatchewan Case* with a professor from the University of Manitoba. I gave this paper in Washington, DC (District of Columbia) about three weeks ago I guess, and what it does is it tries to look at the farm security Act that was passed in 1974 to ask the question, what was the public policy purpose of this Act? Why was it introduced? And second of all, did it meet its objectives? So that's what I want to speak about simply.

Now I don't need to say this, but legislation is written largely without objectives stated so you have to try to figure out what the writers of the legislation, the passers of the legislation, actually had as objectives at the time. And it's not an easy thing to do. There's a very interesting paper — and I'm sure that Dan Patterson will be talking about this later, and I don't want to scoop his talk, but he prepared a little statement, I think it was he that did it — about the history of The Farm Land Security Act which does lay out in some detail what the objectives were, and they're interesting.

The first one was that basically Saskatchewan producers would have an advantage in buying farm land, or Saskatchewan residents. It's not clear because residents include city people as well as producers.

And the second objective was to reduce the exodus of farm families. We have to remember that in 1974, we had come through the late '60s where the grain sales were terrible. Farm income was poor. The NDP won in '71 and introduced the land bank plus a debt moratorium. So by 1974, you had a floor price on land, basically government supported.

In 1974 we had the Russian grain sale, and land prices took off and basically rose, depending on which area you are, until the mid . . . '82, okay? So here we were sitting in Saskatchewan

with basically a floor government action and the same time we had a government trying to put a ceiling on prices, which is a very strange sort of set of legislation when you think about it now.

So if the government's intent was to put a ceiling on the land price, we would expect to find that in the data. We should be able to set up a model and test it and see whether or not Saskatchewan's land prices are statistically different on trend than Manitoba or Alberta. And that's what I test in detail here, and the answer is they aren't. Couldn't find any. Couldn't find any statistical difference in land price on trend.

So that immediately raises the flag: have I got the right public policy purpose? Because it should have shown up theoretically because you reduce the number of bidders and whenever you reduce the number of bidders, you lower the price. So I'll come back to that in a minute.

The second point is, did this legislation slow down the exodus of farm families? And the way I tested that is I took rural municipalities along the Saskatchewan/Manitoba border that were adjacent, and I calculated the percentage change in farm numbers for 1975 to '95, census years, okay. I had to use census. And I did the same thing on the Alberta/Saskatchewan border.

So then I was able to pair these up, and so I had percentage changes on the Alberta side, percentage change on the adjacent Saskatchewan side. So I controlled for weather and soil type and all that kind of stuff the best I could.

Now if the legislation slowed down the exodus, you would expect to see the change in Saskatchewan numbers slower than those in Alberta or Manitoba. And the answer is no; they were much, much faster. We were losing farm families, as a per cent, on those adjacent RMs twice as fast as Manitoba and Alberta. And the statistics are all here. I can leave this, submit this as evidence, Mr. Chairman.

So on both sides I had to reject that this particular piece of legislation was accomplishing what the policy-makers appeared to have wanted to do. And I'm not making any judgment on whether that's good policy or bad policy, just that that's what appeared to be in the history and the statistical tests — I rejected that.

My conclusion is on the land price issue, when I thought about it a lot this is what I came up with. Intervention in the land market is not a political ideology in this province by any stretch of the imagination. I mean, it's true that the major first intervention was by the New Democrats in '71, but the Conservatives introduced more punitive legislation regarding land control in '88. They also introduced debt moratoriums.

So there's been a long history of this. It's true with all political parties. And what could explain that is that mainly political leaders are responding to lobbying by the farm community. And really what farmers want is the chance to capture those anticipated increase in land values and reduce the competition.

And that's really what the legislation is all about, is that when the prices took off in '74 due to the Russian grain sale

everybody thought, now holding land is a good alternative. And not just farmers, but city people; everybody thought, I would like a piece of this action. And so you got very strong support for this legislation.

By 1988 of course we're in the debt crisis, right? And the whole world had changed and there wasn't much interest in holding land in Saskatchewan by Saskatchewan people. So support for this legislation has eroded, for that reason. And that is a fairly consistent interpretation of a nice little table that Dan has in a paper that he published, where you see that the legislation became more and more punitive over time. And why? Because it wasn't working.

They simply weren't able to block people from coming in, getting a quarter section, putting a quarter section together, a half. So what you had to do is squeeze the acreage down more and more, and that's what they're trying to do to make it work because people always go around these rules.

And what the political people were doing was responding to the lobbying of people who wanted to have a capture of the land rent. Today people aren't so worried about that, so there's not so much opposition to changing this legislation. And that's what I believe. That's why the legislation is there. Whether that is good or bad I'll leave that up to someone else to decide. Whether it should be changed or not, that's your decision. But I believe from an academic perspective, it's simply a function of rent seeking, of people wanting to reduce competition.

Now this is very consistent with the kind of behaviour you find in the US where they also have lots of regulation on land ownership, and in other provinces of Canada. And we're not unique here. And you generally find lots of support in rising markets, not very much support when the markets fall.

The Chair: — Committee members, I'll remind you that this is now an opportunity for questions and answers. We have a half an hour in our allotted time. I will be at the will of the . . . at that time, after the hour's is up . . . I will be at the will of the committee. If we want to extend that, I would be a little bit liberal in my considerations of that.

Mr. Forbes: — Very interesting stuff. Two questions. I guess the one for Dr. Gray about misconceptions. So the thing before us is to reduce or lessen the restrictions. Are there any misconceptions about that? Is that the magic panacea?

Dr. Gray: — No, there . . . it's not a magic panacea to reduce restrictions. If in fact you reduced restrictions, you would have some impact on perceptions and the perceptions would change slowly.

And so you wouldn't expect a big dramatic change in the agricultural landscape immediately. I think you would probably also see a . . . the markets react in such a way that some people, sort of the early innovators may try it. And if they're very successful then you would get maybe some of their neighbours from home following in other things, and you would get . . . you know, it would slowly accumulate over time.

But certainly nothing that's going to fix today's agricultural prices in there, and there's not going to be any short-run, big

impacts on rural Saskatchewan. It's going to be very slow and I think that's a real drawback to any kind of liberalization.

And I think for that reason that the . . . any impacts that you see are going to be long-run, rather than short-run.

Mr. Forbes: — Then my second question would be to Dr. Furtan, and it sounded like a very interesting conference in Washington. We were trying to find, is there any jurisdiction in North America or Europe where they have reversed the rural depopulation trends?

Dr. Furtan: — Reversed them. So that means they were losing the rural depopulation.

Mr. Forbes: — Yes, a similar situation to Saskatchewan. They found a solution that brought people back onto the farms and . . .

Dr. Furtan: — No, I know like in Nebraska and Iowa they're facing exactly the same problem we are.

Mr. Forbes: — Right.

Dr. Furtan: — I don't know of any, right off the top, where there was a reversal, no.

Mr. Forbes: — So what we just hope to do is slow the trend as much as possible.

Dr. Furtan: — From a political perspective, sure. I don't know: is a slower trend a good thing or not? We could debate that but that is a different topic. Right? Whether you can reverse the trend, I don't believe you can. I don't know how you would without massive intervention.

Hon. Mr. Osika: — Thank you, Mr. Chairman. I found the presentations very, very, interesting from the perspective of two gentlemen that have been obviously involved in some empirical data and some research on this very important issue.

I really appreciated hearing about your experiments on the Manitoba/Saskatchewan border and Alberta/Saskatchewan border. And that tells quite a tale. I mean it indicates that yes, there is something wrong and perhaps restrictions do also prevent some things from happening. Exchanges. So I just wanted to thank you for that.

You mentioned the irreversible decisions imposed on potential purchasers, Dr. Gray. Do you want to just elaborate on that a little bit from your perspective?

Dr. Gray: — Well, basically when — I'll just talk generally first and then about the specific land — basically when there's some aspect of uncertainty that someone . . . and a decision that someone has to make in the presence of uncertainty, there's a lot of incentive to want to invest and get more information and get better knowledge before you actually make the decision yourself. So that generally there is, when something is uncertain, there's a real precautionary or precaution that's taken by individuals making those kind of decisions.

In the case of land ownership, if an individual were

contemplating moving here, I think in a normal — without any restrictions — what they . . . the normal thing to do would be to purchase some land in the area, maybe try to farm it a bit, figure out what the agronomic conditions are like, figure out what the neighbourhood is like, and the town and if in fact that looks like a . . . after finding out more information about this decision then you would maybe make the commitment to actually move there and jump into that.

If you actually have to do that all in one step where you say, gee I'm going to . . . the only way I'm going to purchase this is if I actually intend to move there, that's a much bigger step for someone to take and they're less likely to make that step because they have to take the whole step at once rather than get information as they go along the way.

Hon. Mr. Osika: — Thank you for that. And it's kind of anecdotal but it reminds me of my situation when I first came to Regina and hadn't lived in the city before but rented until we determined what part of the city we wanted to actually reside in for sure. I thank you. That just clarified what I'm sure I heard you say, and it makes a lot of sense. Thank you very much.

Mr. Weekes: — Thank you very much. Dr. Gray, I was very interested with your presentation concerning NAFTA and the challenge there. I think it was, well, relatively clear about what your view was. I was wondering do you have a view or have you had any discussions with Canadian lawyers concerning a possible Charter challenge if we keep the restrictions we have concerning stopping Canadian, non-Saskatchewan residents from owning land?

Dr. Gray: — I haven't heard any direct reference to that, just sort of in passing, but nothing direct that something's imminent, no. But there may be, but I haven't heard.

Mr. Weekes: — But have you heard of anyone having an opinion on what the outcome of a Charter challenge would be?

Dr. Gray: — No, and I'm an economist so again I would just . . . I've just been at a lot of NAFTA discussions because I studied NAFTA trade to some extent and I've heard more opinions along that line. Not much within Canada, sorry.

Mr. Weekes: — Just one follow-up. I guess concerning NAFTA, there is a concern about a possible NAFTA challenge, and if you could just maybe elaborate a bit more. What you're saying is it's not likely that if we liberalize our restrictions that there would be a challenge. That is basically what you're saying.

Dr. Gray: — That's correct. Basically NAFTA is a trade liberalization agreement and so it's designed basically to reduce the restrictions for trade and commerce between Canada and US and Mexico. That's the objective of the legislation.

So it's written in such a way that it's easy to move one direction but much more difficult to move in the other direction. And if in fact you make a policy change that, for example, let's say we were going to make a legislative change to allow foreign ownership. That's a liberalization of trade and commerce, if you like. And that certainly wouldn't be something that the Americans say, you can't allow us to have access to that

market. That was the objective of the legislation.

If on the other hand you don't change the provisions with respect to the Americans, then it's hard for them to argue that in some way we've hurt or damaged them by making the legislative change. They would have to show that they were worse off. And I can't see how that would make them worse off if in fact we didn't change the legislation with respect to the Americans. I think that's how the argument goes, at least.

Mr. Weekes: — If I may, just one more. If we just change the restrictions as far as opening up to Canadian citizens, again that would . . . I would assume that wouldn't be a problem with NAFTA either, and still keep in place the restriction on foreign ownership.

Dr. Gray: — Ultimately this is obviously, you know, a legal issue that could be subject . . . you can develop arguments on each side. The fact that the Manitoba and Alberta legislation is not being challenged I think is a good indication that we're not likely to provoke a challenge in this case either. There would have to be some interest at stake, you know, American interest and I don't see that they would see, if they were unaffected by the legislation, that they would take it to challenge at this point.

Mr. Elhard: — To the professors, I want to thank you for your attendance here tonight. I know it's a long drive on short notice but I appreciate you making the effort.

Professor Furtan, I might be taking a bit of liberties with your research. I'm going to paraphrase what I thought I heard you say, that based on the research you've done, land laws that have been enacted in this province have not been for the greater good in terms of public policy. They've basically been enacted to appease to individual greed. Is that a fair summation?

Dr. Furtan: — Yes.

Mr. Elhard: — So what we have today is a situation where there are far more sellers than buyers, and the greed element doesn't work quite as pervasively?

Dr. Furtan: — Well the greed element wants liberalization, not restrictions.

Mr. Elhard: — So it's just on the other foot this time.

Dr. Furtan: — Right.

Mr. Elhard: — Okay. Professor Gray, you talked about foreign investment and the need for foreign investment. And when we've had that issue raised here, it's almost always assumed that the foreign investment is going to be huge multinational conglomerates coming in here and buying all the land. That's the bogeyman that's always raised when you talk about foreign investment. But I take it from your comments that you haven't been able to find any evidence of that having happened anywhere?

Dr. Gray: — Particularly if you look at the grain enterprises, it's not . . . the corporate model doesn't fit very well when you have employees running very expensive machines over extensive land with weather variability. It's too hard to actually

figure out whether the manager's doing their job, or it just didn't rain or whatever. So you don't get a hierarchical structure in grain farming. So there's no real big concern about somebody taking over and running it corporately. The returns just aren't there. If you added the inefficiency of this other structure, they're definitely not there.

In terms of the level of investment or the type of investments that you can get, one of the speakers at the conference was Owen McAuley, and he lives in McAuley, Manitoba which is just inside the border, north of the Trans-Canada. He says he's got six new neighbours from Europe that moved into that community, and it's not solely because of farm ownership laws. That's just one small factor. But there were Europeans that were willing to sell their farms in Europe and actually come into that area and actually locate farms there. So that's the type of investment that I would see. At least some of that would happen, more likely to happen under a more liberalized regime.

Mr. Elhard: — You basically led into the next element of the question. You referred to human capital. The necessary human capital to make the kind of impact in rural Saskatchewan that we're hoping, wouldn't be available in Canada, that it would likely have to come from offshore.

And I'm wondering, in view of what you've said, the possibility of just opening up Saskatchewan land to Canadian ownership doesn't sound like it's going far enough in your estimation, in your considerable academic experience. So what would you propose as something that would work? What would be viable? What would be workable in this province in terms of larger opportunities for foreign investments?

Dr. Gray: — Well I guess one has to look at the objectives of the whole rural development strategy in that sense. If in fact the objective is to increase rural population and you want people and families to fill schools and that type of thing, then what's important is creating incentives or at least an ability and a perception that basically people that want to . . . that have the human capital and have the capital that want to come here and farm have an opportunity to do so.

And I think there are some experiences in other provinces where they actually have brought in people from Europe, for example. But I wouldn't stop . . . that's not necessarily the only market. There can be other individuals, for example, with experience in horticultural crops that may come from other countries, US and Mexico, for example.

Ms. Atkinson: — Thank you. Thank you for your presentation. I was interested in the research that you have shows corporate farming doesn't really work in grains and oilseeds. What sort of research do you have when it comes to corporate farming — large, intensive livestock facilities: pigs, chickens, turkeys, dairy, and so on? Ethanol?

Dr. Gray: — Well basically the corporate agriculture does exist, and it does exist in those processes that can be, if you like, where the effect of the environment can be removed sufficiently that you can actually figure out whether your employees are doing their job or whether it's the weather or something like that. So when it comes to, for example, hog operations and that type of thing, they first of all need a fairly

large scale in order to get the costs down. And secondly, you can set up management structures and other things that are reasonably efficient.

So you do see corporate farming in those other sectors, but that corporate farming is not a function of whether it's foreign or local — that that can develop here as well. The real question is whether from a public policy perspective whether the corporate farming meets some of your public policy objectives or whether it runs against your public policy objectives. That's another decision that you have to make.

Ms. Atkinson: — So obviously we've listened very intently to a number of various groups that have come before us that have a variety of public and private interests. And there's some people who would argue that some of what we're contemplating in terms of opening up The Farm Land Security Act is to allow outside capital, corporate capital, to come to the province for such things as intensive livestock organizations, pigs, chickens, turkeys, dairy. Now turkeys and chickens and dairy, we do have marketing boards. But as you know there's a lot of pressure to get rid of marketing boards in this country. So one could argue that with the changes to The Farm Land Security Act, I mean this would . . . it obviously will open it up to outside capital, and there are many interests that are wanting outside capital for intensive livestock, ethanol along with intensive livestock, cow-calf operations, huge feedlots, and so on.

I was interested in your comments about NAFTA and free trade, and you said that you're a trade economist but you're not a trade lawyer. And you talked about that because if we were to trade liberalize this legislation that that would not necessarily be a NAFTA challenge.

I just want to remind you that the Alberta legislation, as far as I know every piece of legislation in the country, has not fundamentally been changed since NAFTA came in. And provinces put their reservations to NAFTA, with the exception of Manitoba. And Manitoba has only been in existence since 1997, so basically it's only, I think four years old since the Act was proclaimed.

So everybody else is in a position where they've been grandfathered in. Manitoba is not. And if we change our legislation we won't be grandfathered in either. So it's important to have a legal opinion that . . . so we fully understand the implications of what we're about to do.

I know we have some very significant problems in agriculture in the province, and they are significant. But what we do, what we recommend, what the government might do, has long-term implications. And we can never go back. We can't go back to limiting farm ownership in the province. Once we liberalize it, it's a done deal under NAFTA.

So this is an important question. So when you say you've spoken to lawyers, can you give us some idea of who these lawyers are? I mean are they people that work with NAFTA each day? Are they representing, you know, the Canadian lumber industry, softwood lumber? Are they representing Canadian steel? Are they helping with the Canadian Wheat Board? Like, who are these lawyers?

Dr. Gray: — One of the lawyers I discussed this with was Mel Annand and he's got a master's in law. His master's thesis was on state trade and NAFTA and the WTO (World Trade Organization). And basically Mel went through the principles.

He also said of course that if you actually want a determination, you should get a legal determination on this. He's certainly a lawyer that's very well respected, dealt with a lot of . . . a dairy case and some other issues. So I respect his opinion and obviously I think you are right when you say if you liberalize, you can't go back especially if you allow in . . . if you go the foreign route and then you put restrictions against Americans once you liberalize it, that's true. There's a . . . it's a ratchet effect, if you like, and that's true. But with respect to whether some US legislator would say gee, in Saskatchewan they're liberalizing farm ownership laws; let's stop that — that doesn't seem to be something that would . . .

Ms. Atkinson: — No, that's . . . I'll just tell you what the argument is. And the argument . . . I think we need to listen carefully to the argument. The argument is under chapter 11. There's a reference to treatment of Canadian citizens in the same manner as you would treat an American citizen, so what . . . And for the purposes of investment, real estate falls under that chapter.

It has been argued that right now we're grandfathered in under NAFTA. If we were to decide as a legislature that we are going to open up Saskatchewan farm land to Canadian citizens, so you change the terms and conditions under which this legislation was grandfathered in, it's no longer grandfathered. The argument goes that an American citizen could argue — because we're not, we would place limits on foreign ownership — you're treating an American citizen differently than a Canadian citizen, and therefore I'm entitled to the same access as a Canadian. Right now a Canadian grandfathered in 320 acres. An American citizen doesn't have access to Canadian farm land — 320 — or Saskatchewan farm land. So the argument is you open it up. You make the access unlimited.

Americans could argue perhaps that they should have access, the same access to Saskatchewan farm land as a Canadian citizen. And that's the worry and that's why we need a legal opinion, so I was interested in what you had to say about that.

Dr. Gray: — Sure. And I would certainly encourage you to get the legal opinion and just . . . And I think the Manitoba — although it's only four years old — does give some history. I don't know how much history we need, but I think this cautionary principle's relevant as well.

Ms. Atkinson: — Thanks.

Mr. Bjornerud: — I just want to follow up on where Pat was talking about. You had mentioned before you'd talked about restrictions on some of the states in the US, and I'm wondering how NAFTA would work then, how they could come and challenge something we're doing here when they have exactly the same restrictions there. Have you looked into that at all?

Dr. Gray: — Actually it was Hartley that referred to that but . . .

Dr. Furtan: — Iowa, for example, and Nebraska both have fairly restrictive restrictions. But the case that was just mentioned wouldn't apply there because there's no change, and the point that was made is, is it the change that makes the difference?

So I don't know of any US state . . . See land ownership in the United States is under state jurisdiction as it is in Canada. And I don't know of any state that has changed its jurisdiction . . . its land since CUSTA (Canada-U.S. Free Trade Agreement) which would have been . . . was really what set this up in 1989.

Mr. Bjornerud: — I guess my concern with getting a legal opinion is we could get 10 lawyers in this room and probably get 8 different opinions on how it would affect us here. I know Pat's concern is that once we open up this we probably can't go back and I guess my view on that would be, if it's not working now why on earth would we want to go back?

Dr. Furtan: — It applies to everything — for example, marketing boards. If we were to change the supply management system or the Canadian Dairy Commission or the Canadian Wheat Board, you could never go back. I mean that's pretty well established and accepted.

Mr. Bjornerud: — Thank you.

The Chair: — I do have one question. Perhaps you've covered it and I just didn't catch it. But in your opinion if there was a liberalization of the Saskatchewan laws to include all Canadians, do you think that that would be an incentive or part of a tool that would attract capital investment into value-added industries in Saskatchewan, to value add to products produced in Saskatchewan?

Dr. Furtan: — Are you asking me? Okay. First of all let me say that if you change the Act so that you allowed all Canadians, I would not expect land prices to rise. I would expect it to be easier to sell for some people but not the land prices to rise exactly . . . because that's just symmetric to my previous argument.

Now is this legislation viewed as punitive and negative and therefore we're all painted with that brush by people who want to invest? I have not tested that question. I'm in the process of looking at foreign direct investment in agriculture in general now for Western Canada because it's obviously a huge and important issue, Mr. Harper. But professionally I can only give you what I think would be the case. I have no data for it.

And my view is that this legislation would have to, on the balance, be viewed negatively by an investor because it is a restriction placed against other investors even though it may not affect them directly. And in the investment industry for good reason, they do not appreciate restrictions on ownership and investment. Now how important is that? What's the magnitude; is it . . . (inaudible) . . . does it matter? I can't answer that question.

But certainly the direction of effect would have to be that way. The magnitude of that effect, I don't think I can comment on it.

The Chair: — Dr. Gray, do you have an opinion?

Dr. Gray: — Well it is just an opinion but I do think that if you . . . in recent years, oh, in the last couple of years, we've seen a lot of interest by Albertans basically wanting to come to Saskatchewan with their cow herds. And maybe the cow herds are coming first in some cases. But there's certainly . . . it's pretty clear that the adjustment to the loss of the freight rate subsidies is certainly incomplete to say the least. If in fact there was going to be a relocation in the livestock industries on the Prairies, that really hasn't happened.

But the relative prices are still there. It's the feed is cheaper in eastern Saskatchewan than it is in Alberta; and there are some things, many things that prevent Albertans from moving to Saskatchewan. One of those perceived restrictions is, I believe, this legislation.

And I guess the impact or how many individuals are affected by this perception and the restrictions is, as Hartley said, a difficult thing to quantify. But I do believe that more livestock does bring in more value-added activities. I think that's pretty well documented and that's something that we need to consider.

The Chair: — Thank you both very much.

Ms. Harpauer: — Both of you study economic trends and changes, so do you find in jurisdictions or areas where capital dollars are spent and it's increased, the amount of capital dollars spent if investments are attracted, is it a trend that people follow? Like where you see a stimulus in the economy you will also see the people follow? Maybe not initially, maybe the money's invested and it takes a time-lapse, but people will follow the capital dollars invested?

Dr. Furtan: — Right. That's called a conglomerate effect. Definitely. It's very, very important in explaining economic growth. The two big things to explain regional economic growth today are increased exports, and the conglomerate effect. In other words you tend to build up community of investment services, and so they tend to group together.

And you find that in the hog production in southern Manitoba, as an example, it's a conglomerate effect. And so your point is correct. You do tend to find more investment where more investment occurs.

Ms. Harpauer: — Thank you. And also you had said that your data would be available, and I know most of us, if not all of us, I'm sure would appreciate it.

Dr. Furtan: — I'll leave this with . . . (inaudible) . . .

Ms. Harpauer: — Great. Thank you.

Ms. Atkinson: — I just have one question. There is some people that have argued before this committee that if we were to change The Farm Land Security Act that the price of farm land would go up, and therefore they would have access to additional dollars via their bank to invest in value-added industries. Do you think that's a possibility?

Dr. Furtan: — My perspective on that is no. I think that this legislation did not . . . I couldn't find the depressed land values. Why would I expect that if I removed it that it would increase

them? I don't. And that was my first point as to why the whole thing is all about reducing competitors so that I can get a piece of the action.

So I don't think that you will see any impact on aggregate land values if you change the legislation.

Ms. Atkinson: — Just to be clear, Alberta and Manitoba both have legislation that is much more liberal than ours.

Dr. Furtan: — Well Manitoba didn't initially.

Ms. Atkinson: — No, I agree, not until 1997. But have you seen any correlation in changes to their farm land security Act and rising land prices?

Dr. Furtan: — No. In Alberta land prices are not related to agriculture productivity at all. As soon as you go across the border, it's like . . . why is this the case? Right?

Manitoba, it is more related to agriculture productivity. So if you look at FCC (Farm Credit Canada) sales by RM — and I've done that too — they're pretty parallel. But in Alberta it's not.

And so, I've not I have not seen any analysis at all of which you ask.

Mr. Elhard: — I can't believe I'm actually getting the last word. Pithy, pithy.

Professor Furtan, you talked earlier about your research in which you compared RMs on immediate opposite sides of the Alberta and the Manitoba border. And as a result of your research you found that Saskatchewan was losing rural residents, rural occupants.

Dr. Furtan: — Farms. Census farms.

Mr. Elhard: — Farms, farms. Good. Losing farms at twice the rate of the provinces on either side of them which led you to conclude that the legislation wasn't accomplishing what it might have been intended for.

Dr. Furtan: — Right.

Mr. Elhard: — But what's your explanation for the greater stability in Alberta and Manitoba? Why, in your estimation, did they not lose farms?

Dr. Furtan: — Well I think in the case of Alberta it's . . . I mean Alberta's a different country almost, as you well know. You live close to it and the attitude and everything is different for . . . and I don't know the reasons why — oil money, whatever.

And in Manitoba, I haven't investigated it but I know Owen McAuley and I was at that seminar that Richard spoke of and it seems that they . . . The local communities there have been more active and more successful in bringing in Dutch farmers. And Danish farmers now in the hog industry are moving into Manitoba quicker than they are here. And so there's got to be something there that's blocking this right? Because these are right side by each RMs, and if this legislation was aimed at

slowing down the exodus of census farms it did not achieve that.

Mr. Elhard: — In fact you could class it as an unmitigated disaster, could you not? I mean if the failure is twice the rate of the other jurisdictions that sounds to me like unmitigated disaster.

Dr. Furtan: — Sure it is and everybody knows it. I just don't want to attribute it all to The Farm Land Security Act, okay. That's why I'm hesitating because I haven't shown that that's the reason why it is. I've shown that the numbers show big changes, but can I attribute it to that legislation and the answer is no I can't. In an academic sense I can't attribute it to that.

The Chair: — Thank you, Wayne. David, a quick point of clarification.

Mr. Forbes: — For clarification, your study was from . . . what were the years you cite?

Dr. Furtan: — The census years. I used 1975 to 1995.

Mr. Forbes: — Right. And the new census shows that Manitoba has also experienced a huge decrease in . . .

Dr. Furtan: — They did in . . . They have all through the years.

Mr. Forbes: — Yes, but this last thing we got from Census Canada shows that it's a fact it has shown the second largest percentage decrease since opening up those regulations. So anyway it's just a clarification.

Dr. Furtan: — I didn't have that data, of course.

The Chair: — Doctors, I want to thank you, on behalf of the committee, very, very much for your eye-opening presentation. Thank you very much.

The committee will recess for 10 minutes. We'll reconvene at 8:15 for our second presenters. To our guests, we have coffee, please help yourself.

The committee recessed for a period of time.

The Chair: — We'll now reconvene the committee. Our next presenters are the Farm Land Security Board. We'll ask them to take their place at the table.

Once again, good evening. The process here will be I will ask the members of the committee to introduce themselves and we will ask your spokesperson to introduce themselves and anybody else who's at the table. And then we'll have your presentation.

My name is Ron Harper. I'm the Chair of the committee and the MLA for Regina Northeast. And Randy, we'll start with you this time.

Mr. Weekes: — Good evening. My name's Randy Weekes, MLA for Redberry Lake.

Mr. Elhard: — Hello. My name's Wayne Elhard, MLA

Cypress Hills.

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

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

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

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

Mr. Forbes: — David Forbes, MLA Saskatoon Idylwyld.

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

Mr. Prebble: — Peter Prebble, MLA for Saskatoon Greystone. And I'm not a member of the committee, but I'm here in an observer role.

The Chair: — And speedy, Viktor.

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

Ms. Belloc-Pinder: — Good evening. Thank you for having us here this evening. My name is Leslie Belloc-Pinder, and I'm the Chair of the Farm Land Security Board. And I'm going to ask the other board members who are with me to introduce themselves and perhaps just say a few words about what they do, because I'm going to be able to say the most words and be the primary presenter. But I want you all to have a sense of where they come from.

Mr. Turner: — Thank you. My name is Bill Turner. I'm a farmer at Cupar which is just 45 minutes northeast of the city here. In fact I got off my tractor tonight to be here. We did get a little snow — not as much as here — but we were able to work in the fields this afternoon.

Ms. Belloc-Pinder: — Bill, I know you didn't bring your c.v. (curriculum vitae) with you but I wonder — just because I think it brings your broader experience to the board than farming as well — can you just share the rest of your history?

Mr. Turner: — Well, my past . . . some of you may have known me from my past life where I was quite involved with the credit union system in Saskatchewan and indeed served as president of Credit Union Central of Saskatchewan for five years, served on that board for 11 years, and served a term of five years as president of the Canadian Co-operative Association which is the national trade association for co-operatives in Canada, as well as international vice-president for the Americas region: North, Central, and South America for the International Co-operative Alliance.

Ms. Nielsen: — Good evening. I'm Ferne Nielsen. I'm an agriculture producer of a mixed farm in the northwest area, which is undoubtedly the driest area right now. We produce grains and oilseeds and beef cattle. I'm also vice-president of Saskatchewan Wheat Pool and a board member of the Canadian Co-operative Association.

Mr. Bruce: — Good evening. My name is Vic Bruce and I'm a third generation farmer from Tuxford, Saskatchewan, just north of Moose Jaw. I've been on a family farm, a pedigreed seed operation for the last 25 years and before that I taught school for 10 years. So I'm a graduate of the University of Calgary.

I'm also a graduate of the Canadian Agriculture Lifetime Leadership Program, which was a federal . . . And I guess I'm very thankful for the rain and the snow we had yesterday because it afforded me the opportunity to be here tonight and listen and talk to you people, and also present our side of the story too. So, thank you.

Ms. Belloc-Pinder: — Also, now I know you've seen Mr. Patterson taking notes and I know he's had a chance to answer a couple of questions. But as you then likely know Dan Patterson is the general manager of the Farm Land Security Board and it's operations in Regina.

Now, as the Chair of the board then, I've been asked to present our views and I hope at least share some experiences we've had in working with the legislation, not principally to persuade you one way or the other as to what new legislation ought to look like but to share the experiences that we've garnered.

Now what we've tried to do . . . Well I'll back up for a moment. I guess I didn't get to tell you my story. I'm sad to say I'm the only non-farmer on the board, but for the last ten years sitting on the board, I've had a chance to learn as a privileged urban resident what life is like in rural Saskatchewan, and I've come to appreciate the integration that I didn't know was there when I was born and raised in Saskatoon and educated at University of Saskatchewan. I'm a lawyer. I'm a partner with the firm of Hnatyshyn Gough in Saskatoon.

Now our mandate as a board of course is as the legislation's actor, its enforcer, its administrator. But, and from that perspective, I guess we have a unique vantage point. But we are not then the designers of the policy that underpin the legislation that we are here to act on and to execute. We are the offspring but not the mother of what we're delivering.

We find ourselves though, articulating the policy nonetheless in all the decisions that we're making. So the legislative framework is there and we have to give life to it, primarily in this case to exemptions which we try to do sensibly with consideration of the local and the provincial interests.

So I guess from where I sit as a lawyer too, and some long time ago a law student, I can say that legislation is what gives rise to the public policy here, and it's appropriate, therefore, from time to time to analyze the principles behind the legislation. Why did it come into being? And secondly, what's it doing out there? What are the practical effects of the legislation?

And I think it's the effects that bring us to this table more than what the original idea was. There are many people who say the effects are disastrous, to use Mr. Elhard's words, or have been unsuccessful and others who say it's a triumph, the bastion and the protection against the forces of darkness who might come and invade the province. And I would like to say I doubt that it's any of those things.

We've seen this legislation cheered and jeered over 30 years with equal vigour I think. We weathered economic and climactic changes, demographic changes, and so on, and in a very strange way, the legislation remains controversial and relevant. Why is that when so many things have changed?

And so I, like . . . (inaudible) . . . and also looked to what I think the legislative intent might be and although I have great respect for Professor Furtan — I've heard him on the radio many times, never met him but I know that he's an agricultural economic expert — but with respect, I guess I must disagree with what he says is the legislative intent. In fact the two reasons that he promoted as the legislative intent have never ever occurred to me. One is to quell . . . stop people leaving the province when I expect when the legislation was proclaimed people were wanting to rush in. My goodness, the land prices were going up as he said. The Russian grain sale had been sealed and farm futures had to look brighter for some time.

The second reason also that he indicated was that there was an intent for the government at the same time to put a ceiling on land prices, and again that didn't occur to me either. What does occur to me is that the government of the day thought that the land in Saskatchewan was a provincial asset. It's our ground and it's what our province is and sits on. And in recognizing that it's a provincial asset, it ought to be protected. And I don't mean that in a protectionist, you know, antitrade way, but in the most passionate and emotional way it ought to be protected.

Now having said that, I think that that remains true to this day. The land has to be protected. That's from an environmental point of view and also from an economic point of view. The way I see agricultural economics — and I'm not a farmer or an economist — but I see that the land comes first, the crops come next. The cattle can graze on the pasture, on the forage. But we need to then at least have our hands on and retain at least some real interest in the primary source of production.

So if I'm correct or closer to correct than what one might cynically suggest is just the reaction to lobbying, then I would say that the legislative intent remains valid. And that's been the case through various governments in various decades. So if we're trying to make sure that this provincial asset is retained, we are recognizing then that that asset is capable of sustaining our population, it's capable of anchoring our economy.

And then we move to the more modern considerations of how then we energize and diversify our economy. And despite our diverse views of how we do that and how we benefit our people, I think everybody around this table has the same objective, and that's to benefit Saskatchewan, to get it going and to get money flowing in and energy around it to get industry, both urban and agricultural, moving. And my pitch, if there is one today, is to say that that's the end that we should keep in mind. And in doing so then, let's craft the tools so that we can achieve that end.

So starting with that end in mind then, I think it's more important rather than the broad statements I'm making, or the throne speeches, or the election platforms that we've had. It's important to look at what I see as the intricate tools that government uses and that's the dry, dull, boring rules, regulations, and legislation that are the stuff of this place.

So therefore we look very directly to this Farm Land Security Act and say, well there's some provisions in here that appear objectionable. They are restrictions; there's no question about that. We ought to, in order to signal that we want to invigorate this place, get rid of them so that the capital can flow in and the investment can happen.

And I think we've also heard that there not only is the perception that Saskatchewan is rather timid or adverse to business investment but there is the reality that people have to go through bureaucratic hoops. They have to apply, and they have to read the legislation that essentially warns them off, and then hope that the board might grant them the favour of letting them stay.

We have a 90 per cent approval rate which some would argue means, well we have kind of a slack job. We're not even really filtering out anyway and in which case if we're allowing most applicants in, it does away with our purpose. And our answer to that I think is twofold. First of all the presence of the Act itself I believe reinforces the government and any government's commitment to ensure that they are responsible and attentive to the asset that is our farm land.

The very existence of the Act is a filter to the kind of investment that I think all of us might see is less desirable. The bogey-man, as Professor Gray might have referred to, this reputable, speculative corporate investor is one, but I must say I don't think we've seen that for many decades. I don't think that that's the fear that is as real out there. It's more that there may be some passive investment in land alone without any attendant energy or industry on it that really is what we ought to . . . we ought to fear.

Now my view also, and I guess I share this from where I sit assisting business deals to be put together and watching large industries get off the ground, is I don't think it's an obstacle to a serious investor that there are certain rules and regulations in this jurisdiction that they need to go through in order to set up shop. Certainly those involved in the hog industry for example are no stranger to not just small obstacles like the Farm Land Security Board, but enormous environmental responsibilities and reviews. That goes with the territory with most business investors nowadays that they are operating in a regulated milieu no matter where they are.

So although I do, I do agree that the legislation sends the signal that Saskatchewan is protecting its asset, I think in the larger international community that's a reasonable thing to do. And most jurisdictions have legislation that protect their valuable assets.

Now I was very struck by the comments around Europeans moving into Manitoba, for example, and other jurisdictions as if those Europeans would somehow be prevented or repelled from moving here owing to our legislation. And I must share with you that I think it's precisely the reason why the legislation is in place and why it's working. If people had the option of simply buying land and continuing to reside in Holland and visiting from time to time their resident manager, they may do that. But if they have that extra incentive of relocating and putting down roots in a community, like Mr. McAuley's in Manitoba, isn't that better? And doesn't that indicate a stronger commitment to

the province in which they are relocating?

I digress but to say that in Holland they've had some really difficult times with the reality left behind by pretty widespread development in the intensive livestock operations there. They're coming to newer, fresher and better ground when they're relocating. And we ought not to repeat the same mistakes from which these people are exiting.

We are seeing at the Farm Land Security Board growing numbers of new residents here. Now it is not entirely due to this legislation to be sure. In fact, perhaps only partially or a small bit due. But about 33,000 acres last year were purchased by new residents of our province or intended residents who have applied through the legislation to live here.

Mr. Ziegler, who I know appeared — I think either it was today or yesterday — has travelled internationally boosting our province as a place to come and relocate. And I know he's irritated lately about the pace of such things and some of what he sees as perhaps unnecessary bureaucratic obstacles. But Mr. Ziegler really has been a booster, I think, in principle of the legislation and getting people here.

Now we have also had to deal with the competing interests of individuals here, and it is, of course something that you as members of the Legislative Assembly are no stranger to, and that is the split in the rural community even over this issue. The farmers who are wanting to retire and sell out to capitalizing at the best possible money for their land are wanting to sell their land as a unit. The brand new farmers or the emerging farmers are wanting to take a nibble of that unit, split it up amongst their neighbours, and just enlarge their farms a little bit.

You have then . . . we have some applicants for exemptions writing letters that criticize the fact that they have to do such a thing. Those letters, I must tell you, are in the great minority and most applicants who come through our office indicate that although they wish they didn't have to spend the 50 or the \$200 to apply, they understand the principles behind having to apply.

And in fact very recently, today, a staff member told me that one farmer who recently came from Alberta said oh, there's hearings going on about the legislation. I have to go. I believe in it; it worked for me. So there are anecdotes out there that abound about individuals who have varying views about whether or not the legislation is working or not.

I would like to address very briefly some remarks that Professor Gray made and that's around the myths or the misconceptions he says are out there. I think that he ably indicated a certain misconception and why that would be ill-conceived. I must tell you that not one of those misconceptions are ones that I have ever heard anyone express. It's been decades I think since anyone was worried about the corporate bogeyman on grain farming.

I think that we agree, Professor Gray and I, when we say that farm ownership laws can't reverse rural depopulation. That's true. It was never meant to do such a thing. And rural depopulation is a fact of life and we see that. The question is, in the presence of that fact, what do we do now? How do we at least reinvigorate that part of our province?

Which leads then directly to this idea that we need investment, and we do. The ACRE committee advanced many, many important recommendations that all had at their bottom the idea of investment in the agricultural sector. But it was always in response to projects — intensive livestock operations, communities being involved in these projects, value-added industries — always.

There has to be more than just faith that money comes in and then energy and bodies follow. Because jobs and human energy have got to follow the landownership for it to make sense if you're going to contemplate making changes. And Professor Gray did make that point as well. And I agree entirely that one option might be to tie farm ownership acquisition to actual projects, to economic development. Why not, if that's the objective?

Now there are also several government incentives and public support for the creation of value-added industry at the farm. That's a direction that we need to go I think. And it's folly and it has been for many years for us to watch our raw materials in this province be trucked out only to be fashioned into something else, the profit recaptured elsewhere and then sold back to us. It bugs me as a Saskatchewan person.

So then I wonder whether there's a parallel with land. Is it that we would just sell off the land and then watch whoever buys it, create the enterprise, truck the cattle back off to Alberta or wherever else and do the same thing again? But this time not with a crop or something we can grow again, but with a finite and non-renewable resource. I worry about that.

Because investment is more than just buying this land. That's the most passive kind of economic activity you can have. And that doesn't help anything for land to turn over except for the vendor. And nobody takes anything away from the vendor who wants to get the best price possible. That's perfectly understandable. But that in itself is not economic activity, at least not in my view.

I was pleased to hear Dr. Furtan say that the idea that outside investment might inflate the price of land and therefore liberate additional borrowed money for other projects is a fallacy. That . . . I'm relieved to hear that because I don't want to go back to the times, the '80s for example when land was valued way, way over its productive capacity; farmers were in way over their heads. And although they could borrow lots of money, a few years later the farm foreclosure legislation was necessary to assist those farmers who were then off the land owing to debt collection procedures.

Now there's arguments that the province is divided up into certain sectors, and not every side of this province has the same interest. And I'll speak briefly to the . . . what I think is the most pressing dilemma and that's on the west side of the province, where as I know the . . . Marsha Cannon, who sat on the sub-committee on ACRE on the livestock production side, indicated the place is ripe for development of a livestock industry, feedlots and so on.

Now the question is whether it's going to be a livestock industry of our own or whether it's going to be annexed to the Alberta livestock industry. And I think that's a real concern.

We've written about that, and I know that the decision recently made by the board with regard to the potential acquisition of farm land at Drake brought that issue squarely forward. And that decision was not taken lightly or glibly or in any way as a lever to support the arguments that we might advance on to the legislation. But I know most of you are aware of it since it was discussed publicly in the Legislative Assembly and other places, and so I feel it's appropriate for me to comment briefly on the acquisition or the potential acquisition.

This is a situation where we have a longstanding farm in Drake and vendors, honourable Saskatchewan citizens wanting to sell the farm as a unit for good reasons — not only economic I must say — and the very best offer, and I think in fact the only offer, for the entire unit came from an Alberta operator. The Alberta operator has a substantial ranch in Alberta, a substantial herd, and wanted to purchase the farm land and certainly install a resident manager in order to bring his cattle from Alberta, feed them here, and then truck them back to Alberta.

Now that in itself, as far as a business decision is concerned and his decision is concerned, is perfectly understandable, but the real question is whether that is the type of economic activity that we envision when we say that the land ought to be available for Albertans and others to purchase. That's the real question.

Now with changes in the legislation that would open up the opportunity for all Canadians to buy it, that transaction would most certainly be enabled. And that's a question that you as legislators of course have to contemplate.

The downside as far as we see in discharging our present mandate was that the economic activity would be limited to the activity between vendor and purchaser, and the employment prospects of perhaps one or two people to deal with the herd when it's here. So I realize that it may be that in this particular case, vendor and purchaser are extremely frustrated that the purchase couldn't be enabled. But in order to exercise our discretion and grant an exemption, we have to be satisfied that it is in the broad public interest. And sometimes we have to, as you do as legislators, have to by necessity, subvert the individual interest to the public interest. And we felt in that case, that's what we were doing.

I'd also like to point out that we see the situation then of provinces to either side of us as somewhat different than that in Saskatchewan. The agriculture industries in Manitoba are more mature and diverse. They have been, as a province, affected less adversely by the changes in the Crow rates. In Alberta of course the situation is markedly different with land prices soaring through pressures of urbanization and other economic pressures. There is not the same risk that prospective purchasers from either side of their border are going to ever compromise their ability to ranch or farm by scooping up land at what they see as bargain prices.

So given that, given that our situation is different, and given that we have been able to invite I think and properly advance what I see as the appropriate legislative intentions of the Act. The real question is, is it worth the risk? Is it worth the risk to tamper with it?

Now I'd like to speak to some things that I know more about than others. NAFTA is not something that I know a lot about but I know something about it and I know something about legal arguments. And I know and I agree with Mr. Elhard that you can canvass 10 lawyers and get 11 different opinions about what it is.

So therefore, therefore the risk to me is that if you're speculating on what are the chances that we might get challenged, that's a dangerous game. And so I would hope and I would assume that this committee would avail itself of proper opinions and not rely on my or anyone else's hope that there might not be a challenge. And as someone who reads the paper and are alarmed about softwood lumber and other kind of trade disputes with the United States, I don't like my chances as a Canadian.

So I would just think that the committee would avail itself of a proper opinion which I would bet, no matter how credible it is, still will be couched that no one can be certain. And no one can be certain.

And that doesn't mean that the Legislative Assembly doesn't take bold new directions and just go ahead. But you have to do it with your eyes wide open, that's all. And that's all I tell my clients. I can't guarantee a result and we could get a very unpredictable judge and the whole thing can go sideways and that's how it is.

So that may be what you're stuck with but I would encourage you to do that.

So there is the concern though, there is the concern about NAFTA. There is also, and I say it respectfully because I appreciate many of the objectives of Ducks Unlimited as a conservation organization, but there is also the concern that any legislative change requires very careful drafting to ensure that some unintended consequences don't also flow from opening up the gates.

And one of the things we really need to sort out as a province is how we balance the conservation lands acquisition with farm land acquisition. And that's not something that we very ably settled. And despite the board and Ducks Unlimited from time to time trying to sort it out and trying to see eye to eye, we don't always. There is no clear public policy direction there, and to me it would be ill-advised then to have that question resolved without even debate. And I would just hope that even if any changes are made that the issue of conservation lands acquisition be set aside for another day for another committee so we can properly and sensibly assess it.

Some people would see it as a step backward for emerging farmers, for people who want a piece if not all of an exiting farmers' action. We need, I think, to ensure that Saskatchewan people are involved in some of these enterprises, and I need only go so far as to refer to the new ethanol production industries as an example of that. Where we very much want to encourage production, I know, as a province, but when there is the prospect of perhaps outside interest in the ethanol case and American ownership of ethanol production, Saskatchewan people are saying, hold on. We want a piece of that. Why aren't we able to take a leadership position? And the same is true in

agricultural industries abroad . . . or all across the board.

So our message I think is that to be true to our vision for Saskatchewan we need to be true to our people and it's not anti-Canadian to be pro-Saskatchewan. From Confederation we have had the responsibility in this province of governing our land and we need to continue to do that without feeling that we're being inhospitable to our neighbours, because our neighbours control their land.

And so I believe, as rightful stewards then of this land, the government has to do what it thinks is in the broad public interest, and the board, in whatever incarnation it might be in, is obliged then to follow that direction and that's what we would do.

So those are my formal remarks. What I'm also hoping is that you'll address your questions not just to me, and hopefully not primarily to me, but to the other members of the board now who I know are anxious to share their views, and also to Mr. Patterson if you feel that the questions should properly go to him.

The Chair: — Well thank you very much. Members, as is tradition, it is now question and answer period. And we have at least a half an hour but I will be quite generous with that if committee members wish to go a little longer. With that, Bob, you're first on the list.

Mr. Bjornerud: — Thank you, Mr. Chair. My first question is, we've had many presenters here, and I think you're well aware of this, that talked about the perception that Saskatchewan is closed for business. Their feeling was much to do with the rules and restrictions from the Farm Land Security Board and the legislation that's in place.

I heard you talk about it but I didn't get a direction that you feel that actually exists out there or do you not think it exists?

Ms. Belloc-Pinder: — Well I guess I must say of course it exists because it has been voiced. And it has been voiced — well I would say — probably evenly split down the middle. Whenever we seem to canvass that, it seems that half the people think it's not a problem and the other half do. So it certainly has been voiced.

But our answer to that has been that if perception is the problem, then you must address the perception and not go at it through a tangent which is the legislation. To me, if perception's a problem, then it's about public education and it's about promotion of what we're trying to do.

And it's also about, I think, the government delivering the same message across departments so that the people in Economic Development, who are out there trying to drum up business, are holding hands with the people in Ag and Food and the people in Justice to say, here's how we can make it happen, instead of bowing to the perception, admitting that maybe it's perceived to be a problem and eliminating it. I think it's around education and it's around pro-active action on the part of government.

And the board has not been comfortable, and I don't think we're empowered to go on a road trip to promote ourselves. We

are seen as an administrative body, but I think that if a communication's budget were within Mr. Patterson's control, we'd have ads, we'd have speakers, and we would have been able to approach more directly the people who are detractors.

Mr. Bjornerud: — We'd have a hard sell even if you did have a budget to go out there and do it because we do have more restrictions than the other provinces around us. In fact, I believe seven provinces have less restrictions than we do. So I think it would be a hard sell no matter what you did.

I want to go completely to a different area. An example you talked about before of where you had to deny. Well I've had that happen in my area, and you might remember the Straker family out there had a small seed farm. And I'm not going to elaborate on that. But I saw this happen to one of my residents out there. I couldn't understand for any reason in my mind why they would be turned down; it wasn't detrimental to my constituency, my community, anything.

And then I turn around and I see this morning Ducks Unlimited have a presentation and they admit it, they had 16,000 acres in my constituency. That is scary. Now do Ducks Unlimited not go through the Farm Land Security Board or do they go through the Farm Land Security Board?

Ms. Belloc-Pinder: — Oh yes they do.

Mr. Bjornerud: — Well then, if we're looking after . . . And I noticed you said in your presentation what's good for Saskatchewan is Saskatchewan people. Nothing is depopulating rural Saskatchewan as quick in my area as Ducks Unlimited because we're idling land out there. The growth is 4 feet high, it's a fire hazard. That land is totally out of production. I can't understand for a minute how that's helping populate my area of the province which is all along the east side.

He said this morning they have at the present time 132,000 acres in the province. They want to buy another 160,000. My information tells me they want to buy a lot more than that, but that's what he said this morning so I'll take his word for it.

How do you justify giving exemptions to people like these to buy land when we have other examples that . . . you've gave one, I gave you another one here that you find reason to turn down? And I'm wondering how you, like what is your policy? How do you come up with this?

Ms. Belloc-Pinder: — That's a very good question. And I'm not sure it's entirely fair to Ducks Unlimited to go too deeply into the rationale on all those exemptions. But it is a legitimate question and they were presenters, so I think it's appropriate to deal with it generally.

The Farm Land Security Board has tried to deal with applications from conservation groups like this where there is a concern that land is idled and out of production very carefully and in fact in a stingy way such that every single acquisition has to be brought forward to the board. And what we try to do there is balance on one side the environmental, the broader national/international thrust behind conserving land by ensuring that some land is in perhaps its original condition or goes back to natural prairie in furtherance of our commitments to

international treaties and so on for the preservation of waterfowl. We try to balance that and, you know, the public commitment to do such things with the agricultural community on the other hand.

And so in each case we try to assess whether or not this particular acquisition would adversely affect the surrounding neighbours, whether there has been local interest in the land. We try to look at the value of the land, whether it appears for example to be marginal land and not very much good for cultivation — let's say — or not even fenced for cattle, or whether on the other hand it's highly assessed, desirable land. And so we do try in a practical way . . . and my board members as producers very carefully assess parcel by parcel whether this land is better suited to remain in agricultural production.

But I must say it's very difficult to do on a parcel-by-parcel basis when you're given a certain amount of information and aren't on the ground. We are very sensitive to the increasing concern in the agricultural community about it. We have taken it upon ourselves to examine it more closely. We have recently had a public meeting . . . or we are going to schedule a public meeting. We had a public hearing on a most recent acquisition. We are increasingly sensitive to our responsibilities in that way.

And that is why I say that even if legislative change is contemplated on opening up restrictions for Canadians and Canadian corporations, be mindful of the issue because it isn't one that has been fully canvassed, and there needs to be further conversation and policy around conservation lands.

Mr. Patterson: — Yes, thanks for the opportunity to talk to this. I think it's important to reflect on some larger issues around conservation land acquisitions. It is much different than the normal farm land acquisitions that we deal with, such as you referred to, Mr. Bjornerud.

As Leslie referred to earlier, the board tries to look to overarching public policy as expressed in the provincial government in dealing with these issues. And in conservation on acquisitions, that is complicated territory because we have found that there seems to be competing or conflicting, if we can use that word, public policy in that regard.

The environmental side of our government takes the view that, as being signatories to North American waterfowl management plan, that that reflects public policy to, you know, to advance the acquisition of land for these purposes.

On the other hand, on the agriculture side they're saying that the public policy direction towards diversification and the livestock industry and the objectives to try and sustain rural populations should be the guidance for the board.

In 1996 the board put together a committee of government, of representatives of government departments and agencies to try and resolve this. We published a discussion paper and distributed that to all RMs and anybody that we thought would be interested in that issue, including all the conservation organizations.

It garnered a response, to be frank, that caused the government to say look, it seems that your board is in hot water here. We

will leave this in the hands of the deputy ministers and they will resolve it. Well they couldn't and they didn't. I believe it moved up to cabinet and there was no resolve of the issue then. So it left the board without guidance with respect to that issue.

And so, since that time then, the board has been doing its best to deal with it as they were, but more recently they've taken the step again to ask conservation organizations to hold further acquisitions as we try again to discern what the real overarching public policy is in this area because the board feels it needs guidance in that area. And so that is in process and it is incomplete, and we're looking forward to trying to complete that over the next couple of months.

Mr. Bjornerud: — I could go on for hours over this because it's a contentious issue. I could fill a large hall in minutes if I said somebody was coming out to try and explain what has been done. I'll pass because others have lots of questions.

The Chair: — Thank you, Bob.

Hon. Mr. Osika: — Yes, just a couple of comments I guess. The situation you referred to about the Alberta person bringing the cattle in here and then taking them back. That poses to me a challenge, that when they bring the cattle here we should give them reason not to take them back but to do something with it here.

But first of all we've got to get them here. And then we've got to create an atmosphere for them to make sure that those cattle stay here and we do something with them. I guess this is where there's a grave dilemma but if you don't allow that sort of thing to happen then what future does that person have, or any hope of not having to take the cattle back someplace else.

So that's a good point that you made, and I appreciate that. That's a challenge that we have here but not to disallow those opportunities for both the vendor and the buyer, and the opportunities for economic development within the province to deal with that kind of a situation.

The other thing that you talked about is getting some serious decisions on the NAFTA issues. How long does that take? I know that there are some areas for decisions that have taken forever and at the end of the day there is still varying opinions and you don't have a conclusion. So how long do we wait for these kinds of things?

Ms. Belloc-Pinder: — What I would suggest is their government has a department of Justice and staff of bright and capable lawyers who I am confident could prepare an opinion on the matter. But I don't think that a potential delay ought to then guide the committee into taking any old view of it is all. You know, there ought to be a balance.

And of course I believe the anticipation is out there that a decision will be taken soon by this committee and by the government and so it ought to occur. But I just say that it ought to be informed by an opinion that's reliable and has a name on the bottom and is subject to . . . is accountable.

Hon. Mr. Osika: — Okay and I appreciate that and I thank you. And I suspect that probably as we meet, well maybe not

now because perhaps some of those attorneys go home earlier than we do, but that is already underway that some people are looking at that type of a potential decision requirement.

The other thing . . . just a comment. You said that we have to be rightful stewards of our land. We also have to be responsible stewards — rightful and responsible. And the world evolves. I mean we can be rightful stewards but when the time evolves to the point where being rightful means changing with the times and the demands and the challenges, then we have to look at that rightful stewardship to ensure that we're keeping in with the times, and the challenges, and the competition that surrounds us to make sure that we don't fall way behind. Isn't that part of being rightful stewards of our responsibilities to ensure the well-being of the people that we're responsible to and for?

Ms. Belloc-Pinder: — I think that we would all agree that we need to change and be flexible but to me being a steward still implies some level of control and if you abdicate then the access to the primary resource it's difficult then to conceive of how you might guide it later. And so it's the argument around whether . . . once the horse is out of the barn how you purport to ride it, is all?

So our sense is that in changing with these times and I agree that it's around having farmers farm the land then also augmenting those with agricultural enterprises and so on. We just need to make sure that both go together. Because if it turns out that we lose the opportunity and land is actually passed through title outside the province, then we can hardly influence it other than in the most subtle, subtle ways through taxation or something. We've lost it at that point is the concern.

Hon. Mr. Osika: — Okay, thank you.

Mr. Weekes: — Thank you. I just want to make a couple of comments, a comment that the board does not have a communications budget to promote your board. I would suggest that your general manager, Mr. Patterson, has been working quite well with the out of budget promoting the board and questioning and lobbying presenters before and after, actually to a point of where it was raised with me a complaint about his activities. So I just wanted to point that out.

Again you brought up the situation with Drake and the exemption was not granted. Now I don't know the circumstances but I think we, all around the table here, know of circumstances where exemptions have been granted. As far as I'm concerned, exactly the same circumstances that the Drake situation is concerned, and basically Alberta people buying land and grazing cattle and shipping them out.

So I'm not sure of the details so I won't argue that. We'd have to look on a case by case basis. But I think that's where the perception of the restrictions and the board's activities comes into play where people back in other jurisdictions — Alberta or wherever — we have been told here that if a business opportunity exists and they find out it's Saskatchewan, they say well forget about it. I don't want to go through that hassle of applying and possibly being turned down or where they just assume that they can't purchase any land here at all.

So I guess that's the comment about the perception may be more than reality, especially when 90 per cent of the exemptions are granted in any case. We definitively have to deal with that perception in that case.

My question is really on something else. I'd just like you to outline the rules and the conditions of new or intended residents coming to Saskatchewan, foreigners that are going to immigrate to Saskatchewan, to Canada, and eventually become Canadian citizens, and what are the restrictions? What's the time frame of them after they bought land, how long before they have to take up residency and become citizens or get that process underway?

Ms. Belloc-Pinder: — The time frame is actually very fluid. It's just done on a case by case basis. What often happens is that a prospective immigrant is looking for land. They usually visit the province and seek out one or two or perhaps three parcels that they might be interested in, and then they would apply to the board for an exemption.

What the board does in that situation is do everything possible to encourage that person to relocate and simply test the credibility of the application to make sure that it makes some sense and there is a sincere desire to relocate. And then even if that might take a series of years or it might be an incremental move, then we have granted exemptions long enough to ensure that the transition can happen.

So there is no hard and fast rule that they must be here by X date. And we have had situations where we have set an exemption with a certain date, but an applicant fears that they might not be able to meet that deadline, other circumstances have happened and they need a bit more time. We have always been accommodating in that way.

And so whenever there is a nibble on the line that someone is wanting to move to the province and is applying first to the board for permission to purchase land, we try to be as welcoming as possible. And we don't have any requirements that they have already applied for landed immigrant status or whatever. I have never heard of that happening.

Mr. Weekes: — Thank you.

Ms. Atkinson: — Thank you very much for your presentation. I just want to say to you that I fundamentally agree with you as to the overriding objectives of the province in 1974 when the original Act was introduced. And in fact I have April 24, 1974, the minister's comments on page 2,649 where he says:

. . . (There are) two overriding objectives . . . 1. To keep control of Saskatchewan farm land in the hands of Saskatchewan residents. (And) I say . . .

And I'm quoting this, Mr. Speaker:

. . . that is what farmers in Saskatchewan are asking for and that is what farmers of Saskatchewan deserve and that is what this Bill intends to do. (And) 2. To keep that control in the hands of people whose chief concern is farming.

So I agree with your original thesis as to the objectives of the Act.

I have some questions regarding a presentation that you made before a conference, I guess it would be the University of Saskatchewan, the Centre for Studies in Agriculture, Law and the Environment and the Department of Agricultural Economics, dated 2002, January.

And I'm particularly interested in inheritance and estate planning. One of the presenters made reference to how ... many presenters made reference to how important land is to us in terms of our values and our culture. And the original piece of land that our grandfathers and grandmothers or great-grandfathers and great-grandmothers farmed is hugely important.

And I'll just give you an example; 10 years ago — I think it was 10 years ago, 11 years ago — my family celebrated its 90th anniversary of our original homestead. Over 500 descendants came to the celebration. And this piece of land, even though there were people that had never been there before, was hugely important. And I know that there is a provision in the Act where people who inherit ... non-residents who inherit land have to get rid of that land within a five-year period if they have not been here or never been here. And I'm wondering, how many times do you have applications for exemptions? And do you ever give them? And how would you feel ... What would you think from a public policy point of view given the historical importance of land to our citizenry, culturally, what would you think about changing that particular provision of the legislation to allow for out-of-province ownership?

Ms. Belloc-Pinder: — Generally, we do have applications from time to time to hold land beyond five years after the date of death of the last survivor. But what usually happens when you talk about 500 descendants on a piece of land, that leads me to say that what generally happens is when you start to have non-resident ownership fragmented like that, it starts to be fragmented down to sort of an absurd degree where you have people from all over the United States then each owning one-sixteenth of one quarter. And it's usually a tiny piece of land like that where you have seriously fragmented ownership, in which case there seems to be some wisdom in sooner or later allowing that particular quarter to go back into the local scene. Now generally, it is anyway. It's being rented out by neighbours all around, and it had been rented out by those neighbours forever. So I don't think that there is a vehement opposition to that continuing. But it's usually the descendants themselves that, sooner or later, feel sufficiently disconnected that they're ready to let it go.

We have never had a proposal, I don't think, that would have allowed perhaps a family trust or an institution that might hold on behalf of a family to do it, but grandchildren can hold ... (inaudible interjection) ... Well, maybe you can ... do you want to speak to that?

Ms. Nielsen: — If you live out of Saskatchewan and it is your parents' farm, you can hold it. And when you transfer it to your grandchildren, you can either apply for an exemption, or you get five years from the date of death.

Ms. Belloc-Pinder: — It goes one generation down.

Ms. Atkinson: — Yes. It's when it's grandchildren or

great-grandchildren or great-great-grandchildren. That's what I'm talking about. And you can apply for an exemption but you don't automatically get it.

Ms. Belloc-Pinder: — Yes, and it's conceivable that it could be something like a, you know a traditional homestead provision or something like that. I mean I don't know why that would be objectionable.

Ms. Atkinson: — My second question is this: ACRE, in its ... the sub-committee's recommendation on amendments to the legislation, talked about economic corridors. And I'm wondering if the board has discussed that, and do you have a view?

Ms. Belloc-Pinder: — We have discussed it. In fact we've discussed very many, what we see as intermediate options. And I think ... I hope I'm speaking for everyone to say that we're ... we think that that's not a bad idea because it again ties economic development to purchasing the land. And it also targets regions of the province that might be more appropriate for certain kinds of development.

And so I think broadly speaking, although the idea in the ACRE report isn't very specifically described, I think the idea is worth exploring in the same way as I think Professor Gray's idea about tying ownership to specific projects. It reminds me of the same thing.

Ms. Atkinson: — Thank you.

Ms. Belloc-Pinder: — Ferne was indicating she'd like to comment on that.

Ms. Nielsen: — First of all, you know I certainly respect ACRE's recommendation. But I caution you because it is heavily weighted in value-adding and particularly livestock, intensive livestock operations. I guess that, you know, if we've learned anything over our past it's, you know, don't throw all your eggs in one basket or go after a hot trend.

I want to say initially that I look to you legislators not to just respond to today's needs and pressures for votes, i.e., those that are retiring and I'm next to it, but to look to the future, the long-term planning, 10 and 20 years. Oddly enough, if you look through history, we value the land according to the production, the value of the production that comes off of it.

I farmed in the '70s, as did some of my colleagues on the board. We were making really good money, and that's the time that you introduced this piece of legislation. You became more protective. Now, for reasons not associated to this ... to legislation, we are having a tough time farming.

But it's not because of our legislation, and it's not because we don't have economic development. Certainly we can increase the level of value-added processing in this province, but we will always need grains and oilseeds. And we will need to have a viable grains and oilseeds industry to feed into that.

Rather than that, we have been victims of international grain trade wars and subsidies, and the latest being the US farm Bill. Value-added industry because of that US farm Bill, if our

federal government fails to address that, will take our animals, our weanlings, and our feeders to the United States to the cheap grain. Right now that's happening. I'm told a full 20 per cent of the weanlings from Manitoba are already moving south. And I listened to a presentation in Saskatoon a couple of weeks ago, and already there are cattle out of the feedlots in Alberta also following.

When Leslie spoke about the exemption that we turned down in Drake; in my area we have a fairly intense cow-calf operation. And we're right next to the Alberta border so I'm very, very aware of the values in Alberta. We would give our eye teeth right now to have pasture land. That land had 1,200 acres of pasture that hadn't been pastured for two years. It had dugouts that were spring filled. We have acres and I would say literally thousands of acres right now in the northwest that we have no water for and we can't put cattle out. And also we are here paying the taxes in this province.

So for that individual to bring, you know, his herd — and he was an oil executive in Calgary that owned this ranch — to here to be pastured and back again, and the economic spinoffs from that cattle, tell me how that would benefit Saskatchewan?

So I caution you, and it is my hope that you will look to the broader long-term picture of the future of agriculture and who will own this land. If you said to a group of people, if wheat right now was 8 or \$9 a bushel, and say canola was \$10 a bushel, would we feel different about the value of our land? I think so.

The economic activity will return to this province when there is profit in growing grains and oilseeds and in subsequently your intensive livestock operations. And the young people will come back, but now they can't take the chance because internationally and because of government . . . international government policies, we cannot take the chance with their lives.

So think broadly. Don't react to the pressures today or for attaining votes to win the next election, but think in the long run what is best for Saskatchewan. If we sell our land and we remove the regulations, as Pat said, it's gone forever.

If you were to ask a group of people, would you sell your water rights? I can tell you what the reaction would be. So why are we so placid about land rights because it is a non-renewable resource. So please be careful with our future. Thank you.

Mr. Turner: — If I could just have the floor for a minute to respond to Pat's question about the ACRE recommendation on corridors? I want to caution you to think about two things.

Number one, the same criticism that's been voiced in rural areas about the ethanol policy — when you define those corridors you're going to pick winners and losers. You might be more advised to think about Dr. Gray's recommendation about tying it to individual projects, okay? Tying a policy or exemption to individual projects

The other thing is you need to think about . . . if you're thinking about corridors, you need to think about the size and you need to think about whether there is completely unrestricted access to land in those corridors, because if a corridor is a million acres

and it's wide open, somebody can buy a million acres. So you've got to think about, you know, how unrestrictive you would want . . . if you're going to create corridors, how unrestricted you would want the activity to be in that area. So . . . but those are just two points.

And if I may go back to the initial legislation back in '73, because I had some personal experience with this. There was a large German land purchase in our community, as there were several other communities in the province. At that time my family, we were farming, between three of us, four and a half sections of land. We lost two and a half sections to that purchase.

And the overriding concern in the community at that time was around two issues: absentee ownership and what the new landlords would contribute to the community and to being part of the community; and the second thing was security of tenure for the tenants. Were they going to be subject to a year, two year leases and how could they plan a farming operation based on that? So those were the two overriding concerns at that particular time, just from my own personal experience.

Mr. Elhard: — Thank you, Madam Chair. Ms. Pinder, I think you made your presentation with obvious conviction and eloquently. And, you know, I admire that; that's a feat in itself. And having listened to the brief comments of the other committee people tonight, I think that as a board you're committed and convicted of the rightness of this legislation and its intent.

I made several points while you were talking and I don't know if I'm going to get a chance to cover them at all in any detail. But one of the things you said that caught me — caught me up short, I guess — was that the big corporate purchase fear doesn't exist any more. And in reality that's not our experience at these hearings.

We've heard it voiced directly, specifically, and obliquely. You know, there were lots of references to foreign ownership and nobody said big corporate foreign ownership, but you knew that they meant. I mean they weren't thinking about the single family from Holland who wanted to come and start a dairy farm here. You know, they were thinking about big, corporate ownership. And it's a very real fear.

And in my own experience just telling people that I was going to be sitting on this committee that was one of the things that was thrown in my face right away. So the fear is very real. And I guess what came out of that particular comment is that if we don't need to worry, as you suggested, about large-scale corporate investors, I guess what I am wondering is why should we fear the small-scale quote, "passive" investor that you eluded to.

If they want to invest here with no sinister motives at all whatsoever, why wouldn't we want to encourage that? Why wouldn't we want them to do that investment?

Ms. Belloc-Pinder: — I think what I was saying when I was talking about the worry is overstated about the big corporate operator was in respect to farming large quantities of grain land which was, I know in the '70s, the concern that there would be

sort of as Professor Gray indicated, this worry that there would be large corporations farming vast amounts of land. And I don't . . . and I think he quite rightly indicated that the economics really don't bear that out and that hasn't happened. And that's what I meant.

I agree and I'm not surprised to hear that many presenters to fear corporate ownership of a different kind and that's the vertically integrated kind — that is the big hog production operations out of United States or something like that. I mean it's a totally different thing. It's . . . whether Cargill grain would own then land all around it and seal up at every level of the chain their product. So I do agree with you. I think that there is a real concern on that and I think that it's always easier to then not fear the small ones.

And I agree also that then the ripple effect is that much smaller that likely than if you had a small operation going in, it wouldn't have this broadly devastating affect. And that's the way we've always done it I think in Saskatchewan as well. They start in that way. And that's probably how you best grow our agriculture sector and everything else is to start in that modest way, rather than inviting in perhaps a giant corporation that would then set the tone. So hopefully we are on the same page about that, about how we would start.

Mr. Elhard: — Well, I didn't get the impression listening to the people who talked expressing those fears that they were concerned about the integrated conglomerates. They talked about large corporate farms taking up vast quantities of land and it's as though they still had that image of the land barons coming in here and just taking all the available land away from even existing farmers which, you know, it's a paranoia frankly that I can't quite comprehend.

I want to go on to something else that you mentioned. I personally don't believe that the movement of capital followed by human capital is a matter of faith. I think you alluded to that concept as a matter of faith and I don't believe that's a matter of faith at all. It's apparently a phenomenon that has been evidenced worldwide, and certainly in North America, frequently enough and with good enough results that it's already got an academic name as the professor has alluded to earlier tonight. Unfortunately I forgot it already, but nevertheless it does have an academic name. So surely we could dare to hope that that would work in Saskatchewan.

You know I think that part of the problem I have with the legislation is that it is restrictive, it does impose control, it diminishes dreams. It has that impact. And I guess that's what concerns me about the legislation.

I don't think that any of us would want to throw the doors wide open, although I have maybe suggested that as a possibility at some point. But I'm being a bit facetious. But you know I think that we understand that in a complex world there are required certain limitations, but the fewer limitations the better. And I think that Saskatchewan in many ways has suffered irreversible — almost irreversible — consequences because we've always wanted to limit opportunity, not invite opportunity.

Would you care to respond?

Ms. Belloc-Pinder: — I'd like to respond first to the debate of faith versus the academic theory which is the conglomeration of capital. I think that what Professor Furtan was talking about — and I agree with that too — that if you have investment, and I think of that as active investment, if you have a business up and going, if you build a factory, if you build a feedlot, of course the people come. Or if an investor says, I'm going to build a feedlot and I'm still going to stay home in Montana, but I'm going to build it, then people will come.

But the act of buying land to me is not an economic engine; it's not a catalytic explosion. It's just buying the land, turning over the cash. The land looks the same, has acted the same, the same cows are on it, the same tractor is rolling over it. That doesn't bring people. That's what I'm worried about.

I think that if the money comes in that has some energy behind it then I agree. And so if we can glom on to that concept — which obviously it's real — then that's what we should do. I'm just worried about the passive purchase, that's all.

Mr. Elhard: — Could we not imagine that somebody who is close to retirement could be the benefactor of one of those passive purchases, but would take that money and reinvest it in this province?

Ms. Belloc-Pinder: — That would be great. I'm worried they're moving to Victoria. That's what I'm worried about.

Mr. Elhard: — Well you know where I come from virtually every retiring farmer goes to Medicine Hat. I want to see a reason for that person to stay in this province.

But first of all they've got to be able to sell their land and there aren't buyers. There just are not buyers out there. And I mean farmers know the benefit of multiple buyers when they're selling things. So to restrict them from that opportunity prevents them from reinvesting that money in our own province.

Ms. Belloc-Pinder: — I think the only challenge is if you do it, craft another legislative instrument that keeps that farmer from moving to Medicine Hat and then I'm with you, you know. But what do you do in that second end? I mean we can't . . . we just can't hope, because chances are he's with his buddies in Medicine Hat. And so I just think this secondary step must taken at the same time and that is where the legislative genius is.

Mr. Forbes: — I wanted to get back to the dry, boring stuff that we do here — the statutes and regulations. I wanted to ask you if you have any opinions about, in 1988 a couple of Acts were joined together, the farm ownership Act and Part VI of this Act only refers to basically what we're talking about right now. Do you have any real interaction with the other five or actually the other six Parts? Are they well connected?

Ms. Belloc-Pinder: — Yes, we are the same board that also deals with . . . you're asking about the foreclosure side?

Mr. Forbes: — Well I'm just wondering . . . I guess part of what . . . you know when I was charged with this, I'm a little bit with Wayne in terms of how much paper there is here. And if you're only dealing with Part VI, why do we have this whole

thing called the farm security . . . Saskatchewan Farm Security Act?

Would it be more helpful to have just the farm ownership Act and then talk about the things that Dr. Gray suggested? Move the things that you already do into that so it's seen to be a more inviting Act as opposed to . . . because the first five Parts talk about going bankrupt and then you get to the Part VI is the part about what you do to own the land. And I don't know if you have any comments about that.

Ms. Belloc-Pinder: — It's a real . . . it's just been hobbled together — this legislation. The two parts don't interact at all. And it was through legislative and bureaucratic expediency too that ultimately the board has become the same.

We started off — at least Ferne and I, we're the longest-serving board members — as only the Farm Land Security Board dealing with foreclosures and court reports and so on. There was a separate Farm Ownership Board that was dealing specifically with the other part of the legislation.

Mr. Forbes: — There's a Land Tenure Board as well. Is that board still in existence?

Ms. Belloc-Pinder: — That dealt with the leases, yes the lease-back program. So Dan probably would just comment briefly on the legislative mechanics. But it's a golden opportunity truly, if the legislation is going to be looked at, to make it readable and coherent, separate out the parts that hang together, and take out the historical augmentation of the exemptions. It's really a nightmare to read.

And also if the government inserted in some policy statements that would give potential purchasers a sense of what the mandate is, that would be terrific.

But I'll let Dan comment on specifics.

Mr. Patterson: — Just briefly, in 1988, The Saskatchewan Farm Security Act was created, and what it did was it brought in a lot of disparate Acts that affected farm financing. There was the land contract, or the limitation . . . civil rights . . . and all these sorts of things. And so what it did was try to build a body of farm legislation that became a more coherent whole.

Now indeed the farm ownership provisions maybe are a little different theme than the others that involve relationships more in farm financing, but it isn't that there is no linkage, and I think in 1992 when they decided to have one board look after all the sections, indeed there would have been likely some administrative considerations in that — everyone's looking for ways to become, you know, more efficient — but I think they realized that one board would have a larger perspective on all of the issues.

And as an example of what could be related, when we think back of those years when we went through the horrific meltdown of the farm economy and the rise of land values and then the subsequent lack of serviceability and the almost 4 million acres that went back to lenders, they're linked in such a way, for example, that the farm ownership provisions in the same Act prevented those lenders from deciding then that they

would dispose of that land in a way that suited themselves rather than in the interests of the province. And so there is some linkage, but they are kind of a different theme certainly in part VI than in the other parts.

Now just as a note though that the board only has an administrative role to play in part II and part III — the farm foreclosure process which works with farm families, helping them to prepare for mediation and then administering the home quarter protection legislation, and finally part VI. The other parts self administer through the legal system.

Mr. Forbes: — So it wouldn't be a huge issue if that was a separate . . . if we went back to the farm ownership Act.

Mr. Turner: — And just to pick up on what Leslie said, I think that if you're contemplating changes, you could really do a good service by considering, you know, the whole piece of part VI and looking at clarifying it, rather than simply what we might call some band-aid amendments or some amendments to it. I think you really could do, if you really take a look at that piece of legislation, you could really do a lot of work to clarify things, to take the opportunity to make policy statements which provide direction.

And so as you think about what you may want to recommend, I just ask you to give thought to a good piece of legislation that is well thought through.

Ms. Harpauer: — Thank you. Leslie, to expand a bit on comments that you had made, I just want to make a comment myself, and then I have a couple of questions that are in totally two different areas.

But you said that you felt the Act was put in place because the provincial asset of land should be protected and you did acknowledge that it does give a perception that we're protecting our land and that perception is given to society outside of our borders. And I guess the question that we have to answer here is what is the cost of that, and at what cost should we protect our land? What cost are we willing to pay for that protection?

And my husband and I have this argument actually ourselves because farmers are very protective of their land and the family farm is very, very sentimental to them. But ground, although it's important, does not hold a candle to people. And the asset of the people of this province is what is truly important. I mean, yes, we have land, but we're losing our people and we're losing them rapidly And we're losing our young people. And that's the asset of value that we're losing and we're forgetting to protect them.

A comment that you made, and it's just about word for word. You said, you must protect the purchase of land alone without any attendant on it. You must protect people doing that, is what the context of the sentence that you had said. Who on earth would purchase land alone without an attendant on it, being leasing it out, someone would be productive on that land? Who on earth would buy it just for the sake of buying it?

Ms. Belloc-Pinder: — I'm not sure because I rambled on for so long I can't . . . but I think that what I was thinking is the land, if it's already being grazed or cultivated for example, certainly

that would continue. That activity would continue. But it likely was in the context of saying if nothing else happens, then the actual turnover of ownership has made no difference to how the land is being treated. It hasn't augmented or changed anything in the neighbouring community. It hasn't kept an extra person on the land. It might even be the same tenant who is farming the land at the same time.

Ms. Harpauer: — But somebody is there. Somebody . . .

Ms. Belloc-Pinder: — And somebody remains there. Somebody is there now and they're there the day after the purchase regardless of who the purchaser is.

Ms. Harpauer: — Exactly. Somebody is there. One person is attending to the land.

Ms. Belloc-Pinder: — I just see that as . . . it's nothing. It doesn't add or it doesn't detract. It's just . . . either I own the land and then I sell it to my, you know, American cousin, and then the same tenant might be farming the land. It makes no difference to the community.

Ms. Harpauer: — Agreed.

Ms. Belloc-Pinder: — Except that I have my capital.

Ms. Harpauer: — Agreed. Perhaps for that one person. And I'm looking at people. It doesn't make any difference. If the perception makes a difference to one small business coming to our province, who employs four people, do you see my point?

Ms. Belloc-Pinder: — Oh and if it does attract that small business, then that's an extra.

Ms. Harpauer: — But business people are saying the perception directly, to what this Act can do, is not only deterring land buyers; it's deterring business. So if the perception turns down one small business coming to our community, that employs four people, then we've had a net loss of people. So it's something to think about.

But to have . . . We need people and yet we've had exemptions — Bob pointed it out before — massive exemptions in my constituency for Ducks Unlimited. Massive. And that has done absolutely nothing for that community whatsoever. And yet this seems to be something that's been allowable by the board.

The question that I have in a totally different area is, I did the math, and 96 in the last two years, 96 per cent of all applications were approved. Can you give me the statistics of the number of applications that were reviewed in the last eight weeks, and how many of those were turned down and how many were approved?

Ms. Belloc-Pinder: — Well I think we might have had . . . we usually meet once a month and so we might have had two meetings. Our agenda usually has . . . oh 20, perhaps more applications. The one that we denied is the one that I've spoken about, on the Drake acquisition from what I remember. If that's helpful, it's just off the top of my head, but it's about . . . That one.

The board denying an exemption is the exception of course, rather than the rule. Now the fact that there's a 96 per cent approval rate, as I said, either speaks to the fact that the board is relevant or it speaks to the fact that the legislation itself is doing what it needs to do, that it's the coarse filter and we get the finer ones to sort through.

You made the case yourself, I think, Donna, that there is this perception, there is this unwillingness to approach the province or the board owing to the restrictions, and so therefore the only people that are approaching are ones that are already all right with the restrictions or predisposed to apply anyway.

Ms. Harpauer: — Thank you.

The Chair: — Any further questions? Peter wishes to ask a question. Now I'd have to get permission from the committee to allow that because Peter is not part of the committee; he's an observer . . .

Mr. Prebble: — I'm sorry, I thought with Carolyn leaving that she'd pass my right . . .

The Chair: — I have no chit form . . .

Mr. Prebble: — Okay. In that case I'll pass, Mr. Chair.

The Chair: — A chit form would be required, Peter, in order for you to have voice. I'm sorry but that's the rules. Any further questions from the committee members?

If not, I would like to take this opportunity on behalf of the committee members to thank you very, very much for giving us of your time, and giving us of your knowledge and your experience, and your very knowledgeable presentation. Thank you very much.

Ms. Belloc-Pinder: — Good luck with this. Oh, I'm sorry. We do have something written down that I thought I would leave to you. Now this is a little bit of a conglomerate of material we've prepared before. I'm not sure what material the panel has been given already so forgive me if you read it and you feel you've read it before. But we've changed the title and we'd like to leave it with you.

There are also some statistics that Dan has I think, on net farm equity and so on, that might be useful.

The Chair: — I would appreciate that.

Committee members, just for your information, we will hopefully be able to inform you officially tomorrow, but just for your information the intention is to book a room for Tuesday morning, so the committee would reconvene Tuesday morning, 9 o'clock.

A Member: — Crown Corporations Committee meets Tuesday morning.

The Chair: — I don't care who's meeting where or what. We're meeting at 9 o'clock Tuesday morning.

Mr. Forbes: — . . . I happen to take exception to that, Mr.

Chair.

The Chair: — Why?

Mr. Forbes: — Well because we do have commitments. You're not sitting in the afternoon so . . .

The Chair: — We'll need a chit in then for that committee, because we intend to meet to deliberate. So I'm asking you to clear your agendas for Tuesday morning, also clear your agendas for Wednesday morning, Thursday morning, and Thursday evening if necessary.

I going to . . . intend adjournment shortly.

Ms. Atkinson: — Ron, Carolyn, David and I . . . (inaudible) . . . have to chit in. No it just won't work. Tuesday doesn't work. So it has to be Wednesday.

The Chair: — That narrows it down in our time frame.

Ms. Atkinson: — . . . supper, over supper — 5 to 7. Because we're sitting Monday night, right?

The Chair: — Likely we'll be sitting Monday night. We can't plan for Tuesday night so . . . And subs are permitted on Crowns as well as this so . . .

Mr. Forbes: — . . . takes precedence over I would say Crowns, but maybe Crowns will have to . . .

Ms. Atkinson: — . . . Carolyn, myself, David, we'll all . . . we're on the Crown Corporations Committee.

The Chair: — You're just in cabinet, don't worry about it.

Ms. Atkinson: — No, your entire group is gone Tuesday morning.

The Chair: — I'm reluctant to give in because this is pressing to some degree.

Ms. Atkinson: — . . . Monday night, 5 to 7.

The Chair: — Okay, then I will relinquish on Tuesday morning and let that go. But . . .

Ms. Atkinson: — Well are we sitting?

Mr. Bjornerud: — We'd be sitting, but if we come to some agreement.

The Chair: — Unfortunately the standing committees cannot meet when the Legislative Assembly is on.

Ms. Atkinson: — But we could meet from 5 to 7.

The Chair: — We could meet from 5 to 7.

Ms. Atkinson: — And if the House doesn't sit Monday or Tuesday night.

The Chair: — Yes, but we don't know that.

Ms. Atkinson: — No, but couldn't we just agree . . . (inaudible interjection) . . . No we can't. Standing committee and the House, if they're sitting at the same time, cannot meet. Monday night, 5 to 7.

The Chair: — Okay, then I'll back off. Much as I hate to do it, I'll back off to Wednesday morning then. But it goes against my grain.

Order, order. Order. Could we please have order. I would ask the visitors . . . We appreciate your attendance but would you please carry your conversations on out in the hallway.

Now I'll entertain a motion of adjournment.

Mr. Elhard: — Thank you, Mr. Chairman. One of the documents that we received earlier tonight was prepared by Mr. Fenson, our researcher. And he and I were talking about this casually, and we were also discussing the possibility or the availability of a legal interpretation.

So in our conversation I asked him if he could enunciate for us what he understands of this particular document that he presented. And I'm wondering if we should take a few minutes tonight to just have him give us a review, summarize what he has written here, and give us his interpretation.

The Chair: — My thoughts on the matter was that we would entertain adjournment and then the committee would immediately go in camera and then we could discuss that while . . .

I'm advised by the very knowledgeable Clerk that probably a motion of adjournment would not be the correct procedure here now. But what we would entertain though is a motion to go in camera. Agreed. Carried. The committee will now go in camera.

The committee continued in camera.

The committee adjourned at 21:59.