



STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 24 – April 14, 2010



Legislative Assembly of Saskatchewan

Twenty-sixth Legislature

STANDING COMMITTEE ON THE ECONOMY

Mr. Darryl Hickie, Chair
Prince Albert Carlton

Mr. Ron Harper, Deputy Chair
Regina Northeast

Hon. Dustin Duncan
Weyburn-Big Muddy

Ms. Laura Ross
Regina Qu'Appelle Valley

Mr. Lyle Stewart
Thunder Creek

Mr. Len Taylor
The Battlefords

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 19:00.]

The Chair: — Good evening, everybody. For coming tonight, thank you very much. Tonight is the Committee of the Economy, and bear with me, I have a bit of a cold so I'm stuffed up. So we'll go through the procedural issues first.

Tonight I'd like to recognize we have no substitutions, so on behalf of the committee I'll introduce the members that are here right now. On the opposition side, we have Mr. Taylor and Mr. Harper, and as well Mr. Yates is with us tonight. On the government side, we have Mr. Duncan. We have Mr. Stewart, Ms. Wilson, and Ms. Ross. And we have other members as well, Ms. Eagles and Mr. Allchurch, with us as well tonight.

So I guess we have before us the agenda — Bill 97 and Bill 118. So we'll have a vote on the agenda tonight. Any issues regarding the agenda? Seeing no issues, we'll proceed.

So tonight I have to take a couple of minutes here on behalf of the committee as well. We're going to be tabling the following document: ECO 13/26 entitled *Comments from the Métis Nation Saskatchewan*, dated February 19th, 2010, and issued to the committee on March 9th, 2010.

Bill No. 97 — *The Agri-Food Amendment Act, 2009*

The Chair: — Committee members, on March 23rd, 2010, the Assembly referred Bill 97, *The Agri-Food Amendment Act, 2009* to our committee. This is what will be now considered tonight. By practice, this committee normally holds a general debate during consideration of clause 1. Before we begin, though, Mr. Minister, I'd like you to, if you wouldn't mind, introduce your officials with you and then we'll proceed from there.

Hon. Mr. Bjornerud: — Thank you, Mr. Chair. I want to start with Alanna Koch, the deputy minister of Agriculture. To my right is Nithi Govindasamy, the associate deputy minister. Laurier Donais is right behind me; he's director of corporate services. James Kettel is manager of policy branch, on this side; Tim Highmoor on this side. Paul Johnson, directly behind me here, is director of livestock branch.

And I might also add that Ryan Thompson's in here tonight watching the proceedings. He's Vice-Chair with the new Saskatchewan cattle association, makes his living within the cattle industry, and is very interested in the proceedings tonight and looking forward to this Bill pass.

The Chair: — Thank you, Mr. Minister. I guess I'd just like to make sure that the guest knows that we're glad to have you tonight. Thank you for coming, but you can't participate in this debate in any way, shape, or form, please. So I appreciate that decorum from the back.

So I guess, Mr. Minister, if you wouldn't mind, we'll consider clause 1. But you have some opening remarks first, you want to proceed with. We'll let you have the floor, sir.

Hon. Mr. Bjornerud: — Thank you, Mr. Chair. Mr. Chair, Bill 97 proposes the repeal of *The Cattle Marketing Deductions Act*,

1998 and the addition of clause 4(1)(c.1) to *The Agri-Food Act, 2004* which authorizes a development commission to collect a national, non-refundable levy pursuant to any agreement entered into under this Act.

The Bill also makes minor consequential amendments to *The Department of Agriculture, Food and Rural Revitalization Act*. Currently Saskatchewan development commissions have the authority to only collect refundable levies and cannot collect non-refundable levies, including nationally administered levies. This Bill will result in the Saskatchewan Cattlemen's Association having the authority to collect a national, non-refundable \$1 per head levy and forward it to the national agency which, in this case, is the Canadian Cattlemen's Association. The Saskatchewan Cattlemen's Association has requested this and has the support of producers and the industry.

The Saskatchewan Cattlemen's Association will continue to collect and use the refundable \$1 per head levy, provincial levy, to carry out its provincial mandate on behalf of Saskatchewan cattle producers.

As an agency established under *The Agri-Food Act*, the Saskatchewan cattle association falls under the supervision and oversight of the Agri-Food Council. It is this council that will be responsible for ensuring the Saskatchewan Cattlemen's Association acts in accordance with its mandate. Ultimately however, the Saskatchewan Cattlemen's Association will be accountable to the cattle producers also for its actions.

The Saskatchewan Cattlemen's Association is comprised of 11 elected board members — and I want to repeat that — 11 elected board members and are accountable to the producers they represent. All cattle producers have the opportunity to run for the board of directors or at least cast a vote for the person they feel would best represent them on the board. This fits with our government's general belief that the producers should be responsible for managing their own industry.

The Saskatchewan Cattlemen's Association supports these amendments. They are also supported by other livestock groups including the Saskatchewan Stock Growers Association, the Saskatchewan Cattle Feeders Association, who both passed resolutions at their respective AGMs [annual general meeting] supporting the formation of the new Saskatchewan Cattlemen's Association. They have also received letters of support from the Dairy Farmers of Saskatchewan, the provincial Simmental and Charolais associations, and community-owned feedlots such as Pound-Maker Agventures, Pipestone Feeders, Plains Livestock, and Border Line Feeders.

In concluding my opening remarks, I urge the committee to ask their questions and then allow the government to proceed with this legislation. Thank you, Mr. Chair.

Clause 1

The Chair: — Thank you. We'll now consider clause 1, short title, *The Agri-Food Amendment Act*. Thank you very much, Mr. Minister. Any questions? Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I have just two

or three short questions. Mr. Minister, could you outline for us, if possible, the improved benefit in this model versus the previous for the cattle producers in Saskatchewan, and how it will enhance their well-being and abilities to market their products in the province?

Hon. Mr. Bjornerud: — Well I think one of the things that we've done since we've got here is that . . . I've always been of the belief that the industry, whether it's the cattlemen or the hog producers, whoever it is, that have to a great degree . . . where government can get out of the road we let them run their own business. And really this is part and parcel of that, where now the levies will be collected by them. And the \$1 will be sent off to the Canadian cattle association; that's the non-refundable part of what we're talking today, and there seems to be a little bit of misunderstanding about that. And the other dollar of course, as it was before, the new Saskatchewan Cattlemen's Association will utilize those dollars to promote their industry.

Some of it will probably go for research, some for administration. But I think in a major respect it will be out there with those . . . that money will be put towards promoting the livestock industry as a whole right across the province of Saskatchewan, the cattle industry.

Mr. Yates: — Thank you very much. Mr. Chair, to the minister: will the \$1 that's collected in Saskatchewan be used to promote expansion of the industry, improvement of the herd quality? Or what specifically would it be used for?

Hon. Mr. Bjornerud: — Yes, that's a good question. I think with the research part of it comes into the quality of the cattle and the improvements that we can make to the herds out there — that they can make — because now they're going to be running their own show out there, and I think that's what we intended from right off the start. But I think, you know, whether it's lobbying governments at both levels, federal or provincial, as I'm sure of some it will be used for that, some of it will be used for their own administrative purposes, as I said, research. But I think in any way they see fit to promote their industry, whether it's marketing around the world, the US [United States], wherever it is, I think those dollars will be utilized to the best of their ability for the producers that they represent.

Mr. Yates: — Thank you very much. And my final question to the minister: the funds that are being set aside and the liabilities from the past, are the . . . It's not clear. Is the Cattlemen's Association going to be better off? Are they starting with liabilities, or are they going to be better off as a result of moving forward in this program?

Hon. Mr. Bjornerud: — To the member, and sorry for the delay, but about \$4.8 million would be sitting in the fund that's there right now, assets will be transferred. And of course any current liabilities that might be there that are, I believe, very minimal at this time.

So they'll have a start off with that. And then of course the levy will, as we pass the legislation this summer — hopefully if we can, you know, get to that point here with the legislation's passed this summer — proclaim it, and then of course the levy will be, their \$1 levy will be utilized by them.

Mr. Yates: — Thank you very much. And this will be my final question. Were there any concerns raised to you by the Cattlemen's Association or producers about the change? And if there is, have you moved to address those concerns in this legislation?

Hon. Mr. Bjornerud: — Well I guess when there's change, there's always naysayers, and I would say that probably there was some of the cattle producers in the province had their concerns about it to start with. But we've worked with the cattle industry right across whether it was the stock growers or the Saskatchewan cattle feeders, from the day one to change this legislation. They've asked for this actually. This was initiated by their industry out there.

And they had a vote. Both stock growers and cattle feeders out there voted to form the new entity of the Saskatchewan cattle association. And of course with that now will come the development commission where they will have money to operate on their own and run their own business as I said before.

Mr. Yates: — Thank you. That concludes my questions. I believe my colleague has a couple of questions.

The Chair: — Thank you, Mr. Yates. Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. And good evening, Mr. Minister and your officials, welcome here.

I do have just a few questions. Under the old program the \$2 levy, that was known as the provincial levy, that was refundable if the producer made application to have it refunded. Am I not correct there?

Hon. Mr. Bjornerud: — The \$1, yes, was refunded.

Mr. Harper: — The \$1. Okay. Then will that still be the case under the new program? If the producer wishes to have his money returned, he can just make application, and it'll be reimbursed to him?

Hon. Mr. Bjornerud: — Those dollars will be refundable if the producer that has paid them so wishes, yes.

Mr. Harper: — And I would imagine each year it'd probably be a little bit different, but on any given year in recent history, when has the amount of money been collected from the check-off of the producer, check-off throughout the province?

Hon. Mr. Bjornerud: — Per annum you're talking. Like what would the check-off be for . . . About \$1.5 million per annum would be collected for that, materialize out of that \$1 per check-off.

Mr. Harper: — Now the check-off came off of animals that were sold through the auction ring in Saskatchewan. Would that include animals that were shipped out of the province for slaughter?

Hon. Mr. Bjornerud: — That would be animals marketed in the province. And I think if you notice by my remarks to start with, a number of the other associations that we may be, first

wouldn't . . . [inaudible] . . . The dairy producers of course have the same check-off, that same levy would be collected when they sell animals too. So it's right across the spectrum of livestock.

Mr. Harper: — How many . . .

Hon. Mr. Bjornerud: — [Inaudible] . . . should get that straight.

Mr. Harper: — How many livestock producers are there in Saskatchewan? Do you have a number of that?

Hon. Mr. Bjornerud: — An excess of 20,000 I believe. Nithi says about 17,000 right now in the province.

Mr. Harper: — And how many of those livestock producers wouldn't necessarily want to be a member of any livestock organization?

Hon. Mr. Bjornerud: — Would want to be?

Mr. Harper: — Would not be.

Hon. Mr. Bjornerud: — Oh would not.

Mr. Harper: — How many of those . . .

Hon. Mr. Bjornerud: — Well everybody would be a member of this organization or have the ability to vote on anything that's . . . Whether you're lacking directors or whatever you're lacking out there, anybody that hasn't asked for the refund back would be a voting member or have the ability to vote.

If you've asked for the check-off back which . . . correct me if I'm wrong, but I think it's in the neighbourhood of maybe 3, 4 per cent a year. It's not a very large number that asks for their dollars back, a very small amount. Anybody else, though, that has paid their money in is a voting member of the new Saskatchewan Cattlemen's Association.

Mr. Harper: — So just by virtue of being a livestock producer, you're a member of the organization.

Hon. Mr. Bjornerud: — Yes because you're automatically . . . when you sell cattle to the auction marts and that, that the levy is deducted at that point or the check-off is deducted.

Mr. Harper: — Thank you, Mr. Chair. I conclude my questions.

The Chair: — Mr. Harper, thank you. Mr. Taylor, any questions? No? Okay. So seeing no more questions, we will proceed with the clause by clause.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 97, *The Agri-Food Amendment Act, 2009*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried and agreed. I would ask a member move that we report Bill No. 97, *The Agri-Food Amendment Act, 2009* without amendment.

Ms. Wilson: — I so move.

The Chair: — Ms. Wilson moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. So I guess since we've gone through this one now, members do you want a short recess while we go on? We're ready to go on to the next one, okay.

Bill No. 118 — *The Milk Control Repeal Act*

Clause 1

The Chair: — Okay. Everybody, thank you once again. We move on now to the next part of the agenda, the Bill No. 118, *The Milk Control Repeal Act*. That's the next item before the committee right now tonight. It was referred to the committee on April 12th, 2010. I would ask the minister, have any new officials arrived you want to introduce?

Hon. Mr. Bjornerud: — Same officials. Thank you, Mr. Chair.

The Chair: — Same officials. Thank you, Mr. Minister. I guess I'll let you . . . We will now consider clause 1, and we'll give you a chance again, Mr. Minister, to open with some remarks, comments.

Hon. Mr. Bjornerud: — Thank you, Mr. Chair. As you're aware, Bill 118 proposes to repeal *The Milk Control Act*. The Act and its regulations are out of date and inconsistent with the industry's current practices. The dairy industry approached us in 2009 with a request to form a marketing board under *The Agri-Food Act, 2004*. Consequently *The Milk Control Act* will no longer be necessary once the dairy industry's marketing board is formed.

We consulted extensively with the industry and stakeholders before we moved to repeal this Act. This included face-to-face meetings, mail outs, and a public comment forum via the Ministry of Agriculture's website.

In October, dairy producers themselves voted on whether or not to form a producer marketing board. Ninety-five per cent — and I repeat that, Mr. Chair, 95 per cent — of voters voted in favour of the marketing board concept, so I believe this is a clear indication of the direction producers wish us to go. The government is very pleased with this and supportive of this decision. It fits with our general belief the producer should be responsible for managing their own affairs.

As well the repeal of *The Milk Control Act* and the development of the new producer board regulations will give the government the opportunity to fix mistakes that were made by the previous government in 2006 when the Milk Control Board was given responsibility over the dairy lab but was not given the proper legislative authority to do so. This error in the transfer of the

dairy lab to the Milk Control Board has been repeatedly cited by the auditor as needing to be fixed, as by his report in 2007 and again in 2008. This incorrect transfer has cost the Saskatchewan taxpayers to date a little over \$1 million, in fact to be exact, \$1,089,995 to the end of March 2010.

We have temporarily given the current Milk Control Board all of the necessary authorities to undertake activities previously done by the dairy lab staff until the producer board has been set up. Ministry officials continue to work on a daily basis or weekly basis with the milk producers, Saskatchewan processors — as we all know is Saputo — and Canadian Dairy Commission, the federal Crown corporation responsible for the national administration of supply management in the dairy industry.

We are ensuring that there will be a smooth transition from the Milk Control Board to the new producer marketing board. It is important that we do not unnecessarily delay the repeal of the Act and the implementation of the new regulations. Delay creates unnecessary uncertainty for Saskatchewan's dairy industry and, I may add, costing taxpayers about \$15,000 per month until we get this legislation passed.

So again I urge the committee to ask their questions and allow the government to proceed with this legislation for the benefit of the dairy industry and the province of Saskatchewan. With that, Mr. Chair, we would certainly be open for questions.

The Chair: — Thank you, Mr. Minister. Are there any comments or questions about the Bill? Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. My first comment is the implementation's been delayed a couple of minutes by the speech. But in all seriousness, you talk about the transfer in 2006 to the dairy lab. Could you just update us what was the particular problem and why the \$1.089 million cost?

Hon. Mr. Bjornerud: — What happened in 2006, and the dairy lab was transferred to the Milk Control Board. And I think we'd all be fine with that. That wasn't the problem.

The problem was that the legislation that we're actually dealing with here tonight wasn't dealt with at that time, so the levy — so much per litre of milk — was charged by the Milk Control Board from the producers across the province, collected to run the dairy lab, the problem being they didn't have the legislative authority, nor we did not give them the legislative authority to legally collect those dollars. So in essence what happened was Provincial Auditor has cited it, but also their legal advisors told them too, the same thing as we were getting, that this levy was not charged legally. So in return, we were still responsible for it.

And that's how we've come up with the figure of just a little over \$1 million now, that had the legislation been changed at that time, really in fitting with what we're doing here tonight and, you know, depending on when we pass it, if this was done at that point of course, then there wouldn't have been a problem.

So really what it was, an oversight at that point. And then of course as government naturally we're the overseer and

responsible for those dollars.

Mr. Yates: — Thank you very much. So the levy wasn't then collected? So it was that . . .

Hon. Mr. Bjornerud: — The levy was collected. The problem being is it wasn't collected legally, so it really in essence should be refundable to the producers. I'm not sure as that happened to this point. That has happened, but someone has to pick up the tab. And of course as government, being the overseer and being responsible, we owed that million dollars.

Mr. Yates: — Just to clarify the point, it was refunded to the producers?

Hon. Mr. Bjornerud: — That money has been refunded, yes.

Mr. Yates: — Okay. Thank you very much. That ends my questions.

The Chair: — Anyone else have any more questions?

Mr. Harper: — Just a couple of questions, Mr. Chair. The change now moving away from the Milk Control Board to a marketing board, how does that compare with the other jurisdictions like Manitoba or Alberta?

Hon. Mr. Bjornerud: — I'll let Nithi answer that question.

Mr. Govindasamy: — All the other jurisdictions in the country have producer-driven, producer-run marketing boards for the dairy industry.

Mr. Harper: — So in other words, you were the last jurisdiction to move in that direction. Is that what you're saying?

Mr. Govindasamy: — I just want to check that. British Columbia continues to have a government-run agency and one of the Atlantic provinces too, but the vast majority — the rest of the provinces — have moved to a producer-run board.

Mr. Harper: — And does that result in the level of the fees being collected? Will that change any or will it go up? Will it go down as a result of changing from the marketing control board to a producer board?

Hon. Mr. Bjornerud: — I would believe when they have the authority to, when the legislation's passed and they have the authority to run their own business, I guess that fee would be set by them under the Agri-Food . . . the Agri-Food Council will be the overseer now.

It'll be somewhat different than it has been in the past. As you know, the Milk Control Board was an appointed board by the previous government, and then of course by our government when we came in. Now it'll be the dairy farmers of Saskatchewan that, once the legislation is passed, then they'll put their board in place.

So right now I believe . . . and correct me again if I'm wrong, but I think it, in the meantime, will be a combination of the dairy farmers of Saskatchewan and the present Milk Control

Board will run the operational day-to-day duties until the legislation is passed, proclaimed, and then the dairy farmers will actually be running their own.

Mr. Harper: — Once the dairy farmers' marketing board is in place and operating, they will have the sole jurisdiction as to setting the level of the levies.

Hon. Mr. Bjornerud: — Under the guidance of the Agri-Food Council, still responsible to the Agri-Food Council.

Mr. Harper: — So they will have to then request to Agri-Food Council for approval for an increase in levy.

Hon. Mr. Bjornerud: — Yes that's right.

Mr. Harper: — That concludes my questions, sir.

The Chair: — Okay. Thank you, Mr. Harper. Are there any more questions or comments from any of the board members? Seeing none, clause 1, short title, *The Milk Control Repeal Act*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 118, *The Milk Control Repeal Act*. Agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I'll ask a member now to move that we report Bill 118, *The Milk Control Repeal Act* without amendment.

Ms. Ross: — I so move.

The Chair: — Ms. Ross moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I guess now we'll take a motion to adjourn please . . . [inaudible interjection] . . . Before adjournment? Mr. Harper.

Mr. Harper: — Yes, Mr. Chair. I just want to thank the minister and his officials for being here this evening and providing us the information that they brought with them, and it was muchly appreciated and thank you very much.

The Chair: — Mr. Minister.

Hon. Mr. Bjornerud: — Mr. Chair, I just want to take a minute and thank my officials here tonight for their assistance tonight, but I also want to thank the members. I think both of these Bills are important to the industry up there. I know Mr. Thompson would, I think, verify that tonight, that the cattle

industry is really looking forward to running their own business. And I think for that, all intents and purposes, so is the dairy industry. So I want to thank all members tonight for making this happen as quickly as they did, and we can get on with our business to help them run their business. Thank you.

The Chair: — I want to also thank all members for working co-operatively tonight to get these Bills passed. It was a good experience for everybody. So with that, I ask for a motion to adjourn please. Mr. Stewart.

Mr. Stewart: — I move to adjourn, Mr. Chairman.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — We're done tonight. Thank you.

[The committee adjourned at 19:25.]