



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

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Mr. Ken Francis
Kindersley

Mr. Delbert Kirsch
Batoche

Mr. Greg Ottenbreit
Yorkton

Mr. Doug Steele
Cypress Hills

Ms. Aleana Young
Regina University

[The committee met at 15:03.]

The Chair: — All right. Welcome, folks, to the Standing Committee on the Economy. I'm Colleen Young, and I'll be chairing this committee meeting.

Today we have committee members Ken Francis, Blaine McLeod in for Delbert Kirsch, Greg Ottenbreit, Doug Steele. We have Trent Wotherspoon in for Jennifer Bowes and Matt Love in for Aleana Young.

Pursuant to rule 148(1), the following supplementary estimates no. 1 were committed to the Standing Committee on the Economy on November 27th, 2023: 2023-24 supplementary estimates no. 1, vote 1, Agriculture.

**General Revenue Fund
Supplementary Estimates — No. 1
Agriculture
Vote 1**

Subvote (AG10)

The Chair: — Today the committee will be considering the supplementary estimates no. 1 for the Ministry of Agriculture. We will now begin with vote 1, Agriculture, business risk management, subvote (AG10).

Minister Marit is here with his officials. I'd ask officials to state their name and their position the first time they speak at the mike. And Hansard will turn your mikes on for you, so you don't need to touch them. So, Minister, if you'd please introduce your officials and begin with your opening remarks.

Hon. Mr. Marit: — Thank you, Madam Chair. I'm joined today by obviously James Cherewyk, my chief of staff; Rick Burton, my deputy minister of Agriculture; Jeff Morrow, president and CEO [chief executive officer] of Saskatchewan Crop Insurance; Lorelei Hulston, who is the acting vice-president of operations; and Christine Virostek, who is the executive director of finance accounting at Saskatchewan Crop Insurance.

The Ministry of Agriculture is currently forecasting total expenses of \$612.1 million. This is an increase of 63.9 million from the initial expense budget, largely due to ag recovery support for producers. The ministry is forecasting 70.9 million increase in ag recovery program payments. This includes support for the livestock producers impacted by drought and pest outbreaks this year. It also includes 1.2 million in federal administration costs, which will be recovered through revenue. There's also 7.1 million increase in AgStability program payments based on the summer forecast prepared by Agriculture and Agri-Food Canada and estimates from Crop Insurance based on recent processing of claims.

Additionally there is an anticipated 1.1 million increase in ag recovery program payments to support the beekeepers for the 2021 overwinter losses. This includes a 642,000 of federal program and administration costs that will be recovered through revenue, and our share is the remainder of that, a little over 400,000. We have a couple of factors that partially offset these pressures. The savings include a \$12.6 million decrease in crop

insurance premiums due to lower than expected premium rates and crop mix, and 2.6 million in operating efficiencies and vacancy management.

The final fall farm income forecast due in late December will be used to finalize its AgriInvest and AgStability program payment estimates for the 2023 program year.

The business risk management programming we offer helps to ensure farmers and ranchers can meet challenges, obviously such as drought, and position the industry for long-term success.

Through the Ministry of Agriculture and Saskatchewan Crop Insurance Corporation, our government is focused on supporting a successful and sustainable agriculture industry. I now welcome any questions.

The Chair: — Thank you, Minister. We do have Mr. Kirsch joining us as well, as a committee member, this afternoon. I will open the floor to questions from committee members, and I'll recognize Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks very much. Thanks, Madam Chair. Thank you to the minister for detailing the costs as well as where some of the savings were found to offset those increases.

I think I'll focus the bulk of the attention on the AgriRecovery portion. It's the largest portion. And of course producers faced a really difficult drought again this year, particularly down in the Southwest and West central parts of the province. For those areas it's been severe and protracted, and certainly there needed to be levels of government, provincial and federal, stepping up with aid.

And I certainly have heard some concern from producers around the amount per head which is, I think, a result of the federal government not fully funding their portion. Certainly we've used our voice on this front. I guess I just look to the minister as to maybe speak to the matter.

Hon. Mr. Marit: — On the ag recovery side, obviously the \$200 a head is based on 70 per cent as it's in ag recovery only. It goes to 70 per cent of 285 which is a risk assessment process gone through. So that's where we're at now. The federal government obviously didn't come in with their full share of it. We are there with ours.

The other thing the federal government did that we were opposed to is they did obviously put in boundaries on what would be eligible and not. So that obviously is very concerning, but we've had the discussion with the federal minister not only in a letter but in a phone call with the minister last week and raised the concern there as well.

As a result that's where the federal government is, so that's where we're at at paying out our share. And the federal government is obviously about 70-some per cent of their share.

Mr. Wotherspoon: — Thanks. It's definitely a concern. I know I spoke to this in the legislature as well as identified the concern around the maps and those that are located and faced the severe drought but are now not able to see these supports.

I appreciate that this has been identified with the federal government. What hope do producers have here? What's the state of play here? Because certainly these folks have endured a real tough period of time and are making some really tough choices, especially those . . . Of course we've talked about the amount not being at the level that I think folks were counting on from the levels of government. But then those that were shut out because of the map, they're in a hard spot.

So I guess maybe could you lay out some decision points on that front and what hope there is that they may receive coverage.

Hon. Mr. Marit: — Yeah, as I said earlier, we obviously did follow up with a phone call with the minister last week and asked once again on two issues — on the full funding and on the boundaries that they set. And obviously they have set in stone that's what there is.

I would hope that the member has reached out to his federal counterpart in the NDP [New Democratic Party] and asked them if they've asked the federal minister. And if you have, what response did you get? And that I would also like to know because we've exhausted everything and the federal government has just said this is all there is and that's what they're putting in.

Mr. Wotherspoon: — Yeah, we've been clear. Of course on this front we advocated for the drought support long before the minister stepped up to the plate. And I know we identified in the Assembly just a few weeks back this very issue in a public way, which is very important. And that's an important message for anyone in Ottawa, whether that's Singh or Trudeau or Poilievre. You know, there needs to be supports that meet the needs of producers in Saskatchewan. And here we are today again using our public voice in a way that I think works best when we stand up in a united way for producers out of Saskatchewan.

But I have a question around what the expense level's at now with the reduced payment. Because I would assume then the required expenses for participation in the program would have also then come down.

[15:15]

Hon. Mr. Marit: — Obviously the payment is based on eligible expenses, right. We know that and if you look at where we're at, at the initial at \$150, that means you need roughly around \$215 per head of expense to receive it. We are there with our full share. We are not taking away our share at all. I know it could be possible in other jurisdictions, but it's not here. We are going to be committed to our full share of this allocation regardless of where the federal government ends. And we'll make sure we're there for the producers. If they show those type of expenses, then they'll be reciprocated accordingly on a percentage basis that way.

Mr. Wotherspoon: — No, thanks for that. That was the rough math I had on my sheet here. I think the \$200 payment would have required a \$280 expense, and so adjusting it down at 214. But 215 is the number you're providing and I'm pleased to hear there's been the adjustment on that front.

Hon. Mr. Marit: — If you want the accurate one, it's 214 . . . \$214 and about 30 cents.

Mr. Wotherspoon: — That's good, thank you. Thank you for that. Obviously we're hearing from . . . The producers are also facing just so many increased costs by way of inflation and all of the costs around transportation, concerns of course around the federal carbon tax, just all those additional costs. So the size of the payment and the challenge that folks are facing, you know, is a significant one.

I'm interested as well to know a bit about how you're factoring the reality around drought that folks are facing into budgets, if there's any adjustments that you're taking on as a ministry or over at Crop Insurance. The fact is, through that Southwest, this is an area that's been in severe drought for a protracted period of time, and the situation is awfully dire for a lot of folks who are real proud producers, real proud ranchers in through the area.

Hon. Mr. Marit: — I'm going to have Jeff comment on some of it here in a bit, too. I'll just comment on what I can say from our level on what we have done, obviously for crop insurance record levels. I'll let Jeff explain on how we mitigate a lot of the risk to the producers that have had continuous droughts through the yield cushioning and things like that that Jeff will talk about and what that means to producers.

But when you look at what we have done, I mean 70 million here for ag recovery, over 60 million for the rainfall insurance program that paid out this year to participants, that goes strictly just to ranchers. That's where that goes.

Also if you look at the feed loss due to wildlife, I'm guessing here, Jeff, but I think it's around 150 million over the last three years on that side of it for the feed loss.

Mr. Morrow: — Wildlife?

Hon. Mr. Marit: — Wildlife, yeah.

Mr. Morrow: — Over the last five years? Yes.

Hon. Mr. Marit: — Yes, about five years, about 150 million. Plus we brought a program in where ranchers can now access funds to fence off their feedstocks to prevent damage due to wildlife. Jeff, you may want to talk on how we cushion the yield side.

Mr. Morrow: — Sure. Jeff Morrow, CEO for SCIC [Saskatchewan Crop Insurance Corporation]. So one of the pieces we have in the program that's available for all grains, oilseeds, and forage producers is what we call yield cushioning. And it's really intended to make sure that the coverage offered under the program doesn't erode to the point where it's not relevant if there are successive years of challenging conditions that lead to yield losses.

So the way that works is the first year the producer has a yield that's below 70 per cent of their long-term individual yield, we use that to update future coverage. But if in the second year that yield drops below that 70 per cent again, we cushion that yield so that it stays at that 70 per cent level, and that happens consecutively. So if in the third year it happens again, again we prop that yield up or cushion it to that 70 per cent level just to make sure the coverage doesn't erode, like I said, to a spot where it's not as relevant.

Hon. Mr. Marit: — And if I could add to it, I think another big thing we did add that also shows up on the revenue side as well is we froze the Crown land lease rates last year. And we also allowed producers, because of the drought, if they pulled a minimum of 20 per cent of their herd off the pasture, they would receive compensation. The rent would be reduced by that amount up to a maximum of 50 per cent of their allocation. So that was something else we did. And we did see some uptake in that as well where ranchers did pull some of their herd off of the pastures as a result, and as a result they saw a reduction in their rental rates as well.

Mr. Wotherspoon: — The challenge the livestock sector is facing is significant, particularly in these areas where there's been severe drought. Certainly we've been advocating along with so many producer organizations, cattle organizations, pushing for improvements to forage insurance to that program as well as to see equity and the appropriate support for the livestock price insurance program, an important tool for the sector. But it doesn't receive of course the contributions to premium from the provincial or federal governments. That program leaves the livestock sector in a situation, you know, where they're facing an inequity, certainly on the grain side.

Ultimately we need to make sure that producers have improved business risk management programs and the kind of backstop that they can count on that'll, you know, increase subscription rates and be there when they need it.

So I'd like to hear specifically from the minister on not just, you know, the response to the very serious drought this year, but what are we doing to improve business risk management programs for livestock producers, importantly forage insurance and livestock price insurance?

Hon. Mr. Marit: — I think what you see, what we are doing on the forage insurance . . . Obviously we're seeing significant uptake in that one because that program payout has been going up every year. And I've talked to ranchers in the Southwest that are in the program and think it's a fantastic program.

One thing that the province of Saskatchewan was the lead on was the livestock price insurance at a federal level. We have been the lead for a few years now, and Alberta was on side and Manitoba. We now, as of just this year we now have the Maritimes in as well.

So it's really up to the federal government now to make it a national program. That's what we've been asking for. We will continue down that road. It's now really two provinces, Ontario and Quebec, if we get their okay with it then we will have what we deem is a national program under livestock price insurance. And then we will have those discussions on how that program will roll out. But as of this year, well probably as a result of the meeting in New Brunswick this year, the Maritimes are now in on the livestock price insurance as well.

Mr. Wotherspoon: — As I said, I've identified with the minister that we've expressed our concern around the payment level not being where folks were expecting it to be, also the concern with the maps and folks getting shut out. We've also heard from some producers that feel the program hasn't supported them when they've been in a situation where they made choices to cull some

of their herd and chose not to sell hay, for example, putting them in a very difficult income situation, very serious financial pressures, but then the program doesn't respond with support.

Has the minister heard from producers in that situation? And are there other supports that are being extended on those fronts?

Hon. Mr. Marit: — I just want to add, the federal government did obviously announce or accept the tax deferral side of it for the livestock producers on that side. I think some of the other things we have done that have achieved some success for some of the cattle producers obviously . . . I just want to remind the member opposite also that we did pay out province-wide. We are paying out province-wide. The federal government is not but we are. There's no boundaries with us on . . . We are getting applications from folks outside the boundaries. We're getting calls and we're addressing it and they've been very respectful of the fact that the province is there regardless of whether the federal government is not.

I think when you look at, on the ag stability side for the livestock producers with the reference margin limit gone, that 70 per cent gone, and then raising the ag stability from 70 to 80 per cent, that's probably why you're seeing us here looking at an increase in ag stability payouts as well. So we knew that that was going to come that way. So I think when you look at all types . . . But I mean the tax deferral is an option for producers to take.

I've also heard from producers where they are buying more cattle too. So we're hearing that side of it which is good to hear. Obviously we're concerned about the herd and that's why we came out with the program. That's why we did the low-yield threshold as well, which we did see some uptake on that as well, where ranchers talked to some farmers in some areas and the crops that were less than what that doubling of the threshold was, they could take that crop to zero and they were paid out on that way. And it didn't go against them on their crop insurance. The zero bushel does not go against them. So we did see some uptake on that as well. So there was some feed salvage that way as well with some producers in some areas.

Mr. Wotherspoon: — Obviously the business risk management programs are incredibly important to this province and to producers. A few questions here. How much money was paid in premiums to crop insurance by producers this last year? And how much money was paid out as a whole to producers across the suite of programs by crop insurance? And then the important question of how much do you expect will remain in the Crop Insurance Fund, the accumulated surplus after all payouts are completed for this crop year?

Hon. Mr. Marit: — Is that a question appropriate for this meeting?

The Chair: — The first one you may, but the other ones are not part of the supplementary estimates.

Hon. Mr. Marit: — You're asking for 2023?

Mr. Wotherspoon: — That's right.

Hon. Mr. Marit: — Yeah, the revenue this year will be 1.125 billion, and the producer share of that is approximately 450 million.

Mr. Wotherspoon: — Thanks for that. And just to clarify, and if it's not an appropriate question . . . Just the question was what the amount that's being held right now, what the surplus . . .

The Chair: — That's not part of the estimates, Mr. Wotherspoon.

Mr. Wotherspoon: — Okay. Could the minister speak to the 7.1 million in AgriStability and the different factors there? Of course we had advocated along with producers to eliminate the reference margin limit and also to increase payments to an adequate level on that front. What are the factors that contribute to the 7.1 million the minister identified around AgriStability?

[15:30]

Mr. Burton: — Rick Burton, deputy minister of Agriculture. So the increased costs of 7.1 for AgriStability program payments, that's the provincial share of the increase in AgriStability payments for the year. The factors that go into that is the federal government, along with provinces, do a farm income forecast in the summer. Part of that is generating what they estimate the claim payouts will be. And based on that information, those estimates had increased from the time of the initial budget when we had prepared it. So that's what's driving the increase. They've seen things like drought coming. They factor in commodity prices, input prices, and that's how they calculate an estimate for the AgriStability number.

Mr. Wotherspoon: — Thank you. Just a thanks to all the folks that work in Finance . . . or sorry, in the Ministry of Agriculture. And it connects to Finance, but all the folks in the Ministry of Agriculture. And of course the calls to make some program improvements for the long haul to make sure, you know, that we have our business risk management programs that provide equity and that kind of backstop livestock producers need and require. And a recognition just of the severe drought that's been protracted for so many and the realities that this province is enduring on that front.

There's some of the other questions that I wasn't able to put here. I can pursue them directly with the minister at another table. And I think that's it for questions from me then.

The Chair: — All right. Thank you, Mr. Wotherspoon. Having reached our agreed-upon time and seeing no more questions, we will now proceed to vote on the supplementary estimates.

Vote 1, Agriculture, page 11. Business risk management, subvote (AG10) in the amount of 63,900,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Agriculture, vote 1 — 63,900,000. I will now ask a member to move the following resolution:

Resolved that there be granted to His Majesty for the 12 months ending March 31st, 2024, the following sums for Agriculture in the amount of 63,900,000.

I recognize Mr. Francis.

Mr. Francis: — Thank you, Madam Chair.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Ministers, you and your officials may excuse yourselves unless you want to complete with some following comments. You're all good? All right.

Committee members, you have before you a draft of the sixth report of the Standing Committee on the Economy. We require a member to move the following motion:

That the sixth report of the Standing Committee on the Economy be adopted and presented to the Assembly.

I recognize Mr. Francis.

Mr. Francis: — Thanks, Madam Chair. I so move.

The Chair: — Mr. Francis has moved:

That the sixth report of the Standing Committee on the Economy be adopted and presented to the Assembly.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. That concludes our business for today. And I would ask a member to move a motion of adjournment.

Mr. Ottenbreit: — I so move.

The Chair: — Mr. Ottenbreit so moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 15:35.]