



Government
— of —
Saskatchewan

Minister of Agriculture

Legislative Building
Regina, Canada S4S 0B3

Chad MacPherson, General Manager
SK Stock Growers Association
PO Box 4752
REGINA SK S4P 2Y4

Dear Chad MacPherson:

Thank you for your email regarding resolutions carried at the Saskatchewan Stock Growers Association's (SSGA) Annual General Meeting on June 15, 2021. Please find below responses to the resolutions pertaining to the Ministry of Agriculture.

Resolution #6: To lobby for a more streamlined and clear process for individuals to apply for a permit to control Black Tailed Prairie Dogs.

Compensation for Black Tailed Prairie Dogs is available under the Crop Insurance Program, through the Gopher Damage Feature, yield-loss coverage or an Establishment Benefit. Also, through the Wildlife Damage Compensation Program, all grain crops and tame forages are eligible for compensation due to damage from Black Tailed Prairie Dogs. All Saskatchewan producers may be eligible for compensation. Producers do not need to be an existing Saskatchewan Crop Insurance Corporation (SCIC) customer. Native pasture is not eligible for wildlife compensation for any wildlife species, as the Wildlife Damage Compensation Program regulations only compensate for seeded crops.

Resolution #7: To lobby the Government of Saskatchewan to offer incentives including tax rebates and discounts on utilities & water to investors that construct new or expand livestock processing & value-added facilities in Saskatchewan.

The Government of Saskatchewan understands the importance of stability in Canada's livestock processing sector. Saskatchewan is committed to creating and nurturing an economic environment that allows businesses of all sizes to grow and prosper. Our

government has a number of existing programs for new and expanding livestock processing facilities to encourage growth and investment. These include, but are not limited to: Saskatchewan Value-Added Incentive Program; Canada/Saskatchewan Job Grant; Saskatchewan Manufacturing and Processing Investment Tax Credit; and the Saskatchewan Manufacturing and Processing Exporter Tax Incentive. The province has created a favorable business environment for manufacturers with many competitive advantages including:

- A low corporate income tax rate for manufacturers and processors as low as 10 per cent;
- Provincial tax exemptions for eligible machinery, equipment and materials;
- Eligibility for manufacturers and processors that establish facilities in Saskatchewan for a six per cent refundable investment tax credit on capital purchases; and
- Direct agents used in the manufacturing process are exempt from the provincial sales tax.

It is important to note that of the Canadian provinces with a provincial sales tax, Saskatchewan's rate of six per cent is the lowest.

Resolution #8: To work with the Government of Saskatchewan, SARM and livestock industry associations to develop a more predictable ILO permitting process.

Our government is committed to expanding the intensive livestock industry in Saskatchewan. Over the past ten years, our Agricultural Operations Unit has worked with over 230 developers, made up of expansions and new sites. We recognize the approval process can be lengthy and unpredictable which increases development costs. Therefore, we are currently looking at all options to help streamline this process for Saskatchewan producers and entrepreneurs.

Resolution #9: To lobby the Government of Saskatchewan to expand crop insurance coverage options for cover crops and cocktail crops.

SCIC is aware of the increasing popularity of cover cropping and cocktail cropping for forage production and soil health improvement.

SCIC has current programs where some of these practices are insurable:

- SCIC's Multi-Peril Yield Loss Forage Insurance Program covers forage production for annual cereals grown for greenfeed, like barley and oats. Forage crop mixes (cocktail crops) are insured as the predominant cereal crop. For example, under

this program, a predominantly barley forage crop mix can be insured as greenfeed barley.

- Other forage crop mixes that do not have a predominant annual cereal are insurable, under the Forage Diversification Option. Claims under this option are based on barley production in the risk zone.
- The Forage Rainfall Insurance Program insures both native and tame grazing acres. Perennial Tame Hay acres are now eligible for this program, an enhancement added in 2021. This program insures acres against a shortfall in growing season precipitation, based on a customer-selected local weather station.

SCIC continues to monitor these practices and explores new and innovative ways of providing insurance, including:

- Potential to insure these crops under a precipitation-based weather program.
- Potential to insure an annual forage mixture (cocktail crop) similar to SCIC's current Multi-Peril Yield Loss Forage Insurance Program.

Resolution #10: To lobby the Government of Saskatchewan to establish a Saskatchewan Cattle Producer Assurance Fund.

Resolution #11: To support the implementation of a financial review process as part of the livestock dealer licensing process.

Resolution #12: To oppose the addition of security declarations to Saskatchewan livestock manifests.

Resolutions 10, 11 and 12 all relate to the legislative review currently underway on the proposed Animal Production Act and associated regulations. The Ministry of Agriculture will continue to engage with cattle producers and marketers as well as the inspection industry, transportation industry, and other animal associations to develop possible options on these topics. The Government of Saskatchewan ensures these resolutions will be taken into consideration during these discussions.

Resolution #13: To lobby the Federal and Provincial governments to provide funding as part of the next Canadian Agricultural Partnership (CAP) for the development of agricultural carbon protocols.

The province, led by the Ministry of Environment, is currently developing a provincial offset program to be implemented in 2022. The Ministry of Environment has committed to funding and implementing four protocols for the start of the provincial offset program. Two of the four protocols will be in the agriculture sector, one in the crops sector, and

one in the livestock sector. Beyond the four initial protocols, the Ministry of Environment intends to implement a protocol development process to enable prospective project developers to propose and then develop additional protocols for inclusion in the program. This is intended to be a market-driven process with protocol development funded by the project developers.

With respect to funding future agricultural protocols from the next Canadian Agricultural Partnership (CAP 2), the Ministry of Agriculture is in the early stages of discussing priorities under CAP 2. In the near future, our Ministry will continue to engage stakeholders, including yourselves, as to their priorities for the next round of funding under CAP 2.

Resolution #15: To lobby the Federal and Provincial governments to include custom work as an eligible expense under AgriStability.

The AgriStability Program has expenses that are considered allowable for the benefit calculation and other expenses that are considered non-allowable.

In a situation such as corral cleaning, if a producer does the work themselves, any of the capital expense associated with purchasing the equipment is non-allowable; however, the fuel and arms-length labour costs that could be part of the cleaning of the corral is considered allowable and can be included in the benefit calculation.

For the producer that hires a company to clean their corrals, the total contract cost cannot be included as an expense in the AgriStability benefit calculation, as some of that cost is related to the equipment, depreciation, and profit. The portion of contract work attributed to allowable expenses, such as labour and fuel, can be claimed for the AgriStability Program if the allowable expenses are itemized by the contractor.

There is Program inequity if some producers can claim non-allowable expenses included in the total custom work expense.

Resolution #18: To lobby the Federal and Provincial governments to eliminate interprovincial trade barriers for provincially inspected meat products.

The Government of Saskatchewan recognizes that existing federal legislation under the *Safe Food for Canadians Act*, which prohibits interprovincial trade of provincially inspected meat, creates a disadvantage for small processors and livestock producers as well as consumers. Due to COVID-19 the federal government allowed for the limited use of a Ministerial Exemption, which has highlighted the need for more flexibility for interprovincial/territorial trade. My office has recently reached out to the Federal

Government asking them to work with our government to develop a pan-Canadian approach that benefits Canadian farmers, consumers and local food businesses.

Thank you for allowing discussion on these issues at your annual general meeting and subsequently bringing them forth for an opportunity to respond.

Sincerely,

A handwritten signature in cursive script that reads "David Marit". The signature is written in black ink and is positioned below the word "Sincerely,".

David Marit
Minister of Agriculture