



Government
— of —
Saskatchewan

Minister of Agriculture

Legislative Building
Regina, Canada S4S 0B3

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Chad MacPherson, General Manager
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Dear Chad MacPherson:

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

Resolution #1: To lobby the Government of Saskatchewan to reduce red tape and expedite the approval process for Farm Ranch Water Infrastructure Program (FRWIP) at critical times.

The Ministry of Agriculture's Programs Branch has been working to identify opportunities to improve processing times and will be implementing internal process changes over the short term to improve client service.

Through the Canadian Agricultural Partnership (CAP), FRWIP changed its delivery from a pre-approval model to a rebate model. This allowed producers the freedom to complete wells, dugouts and pipeline projects without having to wait for pre-approvals under time sensitive situations and/or drought conditions.

The ministry is working on solutions to improve the speed and efficiency of FRWIP applications. The ministry employs seven Agriculture Program Specialists across the province who are available to help producers access any required permits and approvals for water development projects prior to the submission of claims. Programs Branch has also been working with the Water Security Agency to develop and implement an expedited screening process for water development project applications under FRWIP that may require a Water Rights Licence, Approval to Operate, or an Aquatic Habitat Protection Permit.

Resolution #5: To lobby the Government of Saskatchewan and Canada to include damage to stockpiled forage as an eligible loss under the SCIC Wildlife Damage Program.

Saskatchewan Crop Insurance Corporation (SCIC) administers the Canada-Saskatchewan Wildlife Damage Compensation Program which compensates for losses in the field due to wildlife activity. To be eligible for compensation, producers need to demonstrate there are prevention and/or control methods in place to reduce the amount of loss from wildlife. Further, native pasture is not eligible for wildlife compensation as the Wildlife Damage Compensation Program regulations only compensates for seeded crops. Damage is determined by comparing undamaged areas for yield loss which can be difficult where producers are grazing livestock in areas with wildlife damage. However, producers can receive funding for steps taken to prevent wildlife damage to feed supplies. To qualify, a first contact with an SCIC customer service office is required to explain the wildlife problem.

Resolution #6: To lobby the Government of Saskatchewan to make the enhancements to FRWIP regarding funding caps and cost share percentages, in response to last year's drought, permanent.

The Government of Saskatchewan recognized the challenges Saskatchewan producers faced due to the drought conditions in 2021. The modified/enhanced FRWIP funding was intended to be a temporary measure to support livestock producers, given their challenges in securing access to sustainable, quality livestock water sources. The government will continue to monitor the moisture conditions in the province and work with the livestock industry to ensure the sustainability of the cattle industry continues to be a priority.

Resolution #7: To lobby the federal and provincial governments for increased irrigation projects and usage in Saskatchewan.

\$10 million of CAP funding was announced in 2018 for the Irrigation Development and Efficiency Programs. An additional \$2.5 million in CAP funding was committed by the Government of Saskatchewan in each 2021-22 and 2022-23 fiscal years. Of the total funds, \$10.86 million has been distributed (June 20, 2022) to producers to assist in the development of irrigation in the province, representing 62,882 acres.

As part of the growth strategy to increase irrigation in Saskatchewan, our government has dedicated \$25 million this fiscal year to irrigation in Saskatchewan with \$23 million dedicated to the Lake Diefenbaker project and \$2 million dedicated to small scale irrigation projects.

Resolution #8: To lobby the Government of Saskatchewan and Canada to review the minimum gross revenue eligibility threshold to qualify for CAP programming.

We are currently reviewing all policies and programs as we work on the Next Policy Framework. The income threshold will be evaluated as part of this review.

Current ministry programs have flexibility for producers who are growing their operations and wish to complete a project, but do not currently meet the required income threshold in the year their project is completed. A producer may complete a project any time within the designated program timelines and submit their FRWIP application when they can demonstrate they meet the required income threshold, prior to the application deadline of March 15, 2023.

Resolution #9: To lobby the Government of Saskatchewan and Canada to fund the ongoing printing cost of the Transfer of Care document that Livestock Services of Saskatchewan (LSS) has developed.

The requirement of the Transfer of Care document, as part of the humane transport requirements, is a federal regulation under direction of the Canadian Food Inspection Agency's *Health of Animals Regulations*. As such, these regulations impact all cattle and relevant livestock producers in Canada. Industry is encouraged to work with Canadian Food Inspection Agency for a solution to printing a document, such as the one created by Livestock Services of Saskatchewan, which could then be used for other livestock sectors across all impacted jurisdictions.

Resolution #10: To lobby all levels of government to defeat the proposed regulation regarding front of package (FOP) labelling for ground beef and disallow it from being published in Canada gazette 2.

The ministry was made aware of the proposed regulatory changes to ground beef/meat labelling and shared the concerns of SSGA. A front-of-package label on ground beef/meat would have deterred consumers from purchasing this food source, affecting not only the livestock industry, but also peoples' access to an affordable protein source as an important part of a healthy diet for millions of Canadians.

In response, the Ministry of Agriculture had submitted letters of concern to our federal ministers responsible for these regulations, requesting that ground meat be exempt from this labelling requirement. Additionally, we had sent a third letter to Health Canada stressing the rationale for exempting ground meat from the front-of-labelling packaging.

Thanks to your strong advocacy work for the sector and the efforts we undertook, the federal government is no longer imposing these requirements.

Resolution #11: To lobby the Government of Saskatchewan for the continuation of the Johne's Disease Surveillance Program in the Next Policy Framework.

The ministry commends SSGA on their administration and dedication to the Johne's Disease Surveillance Program. Disease surveillance programming is critical to ensure Saskatchewan can meet the 2030 growth plan targets and is a priority that will be considered as part of the Next Policy Framework negotiations. The ministry will take this resolution into consideration while reviewing all policies and programs as we work on the Next Policy Framework.

Resolution #12: To lobby both levels of government to make it easier to have irrigation projects put in place in a timely manner.

The Irrigation Development Process is complex as a number of ministries and agencies are involved to ensure legislative compliance is achieved. This includes the Ministries of Agriculture, Environment, Parks, Culture and Sport, as well as the Water Security Agency.

A refined Irrigation Development Process was implemented in June of 2021. The process was refined in collaboration with Saskatchewan Irrigation Projects Association, Water Security Agency (WSA) and select irrigation districts. This refined process includes additional customer touch points and an updated webpage that outlines potential timelines, among other benefits.

WSA recently made some internal changes to enhance client interaction by having an agrologist help producers navigate the process as a single, consistent point of contact. In addition, we heard that determining water availability was taking time. In response, the WSA added one dedicated person in hydrology to deal with irrigation inquiries.

Resolution #16: To lobby the Government of Saskatchewan to lower the \$10 million minimum capital investment for livestock processing facilities under the Saskatchewan Value-Added Agriculture Incentive (SVAI).

In April of 2022, legislation was passed to amend SVAI. SVAI has helped to facilitate global corporations to undertake major projects in Saskatchewan. SVAI is a non-transferable 15 per cent tax rebate on capital expenditures valued at \$10 million or more for newly constructed or expanded value-added agriculture facilities in Saskatchewan.

Under the amendments, the credit was increased from 15 per cent to 30 per cent for the portion of a project between \$400-600 million in value, and from 15 per cent to 40 per cent on the portion of the project that is more than \$600 million in value. The dollar value of the SVAI credit is capped at \$250 million, the maximum any single project can potentially claim in tax rebates.

The Government of Saskatchewan has other incentives to support smaller sized projects. One example is the small business tax rate. Canadian-controlled private corporations pay a reduced rate of two per cent on the first \$600,000 of eligible business income earned. As announced on December 7, 2020, Saskatchewan's small business corporate income tax rate temporarily dropped from two per cent to zero per cent effective October 1, 2020. Beginning July 1, 2022, the small business tax rate moved up to one per cent, and on July 1, 2023, the small business tax rate will return to two per cent. As of January 1, 2018, the small business income threshold increased from \$500,000 to \$600,000.

Resolution #17: To lobby the Government of Saskatchewan and Canada for compensation to cover for the loss of production from Richardson's ground squirrel.

The Government of Saskatchewan is aware that the Pest Management Regulatory Agency of Health Canada has decided to de-register strychnine for Richardson's ground squirrel control. As a result, rural municipalities in the province were able to sell strychnine by March of this year, and the product's final use will be until March 2023.

Richardson's ground squirrel is a declared pest under *The Pest Control Act* and large populations can significantly damage our agriculture industry. The ministry, in collaboration with the Saskatchewan Association of Rural Municipalities Plant Health Officers and Alberta Agriculture, Forestry and Rural Economic Development, evaluated alternatives to strychnine, the relative efficacies of strychnine and several registered options. The demonstration project included the effectiveness of the used products and financial analysis.

The ministry is developing formal response documents for all declared pests in the province, including Richardson's ground squirrels. These documents will contain information about management strategies, control and regulatory procedures. It is expected every person shall take measures to control declared pests in the province. The ministry is also analyzing different methods to estimate Richardson's ground squirrels populations in Saskatchewan.

All producers in the province are eligible for SCIC's Crop Damage Compensation Program, which covers damages to crop and livestock losses due to wildlife. All producers in the province are eligible for up to 100 per cent compensation for damages caused by wildlife, including Richardson's ground squirrels.

The ministry is also looking for future options to control Richardson's ground squirrel under the Pest Biosecurity Program, which is part of CAP, an investment by federal and provincial governments in strategic initiatives for the Saskatchewan agriculture.

Resolution #18: To lobby the Government of Saskatchewan to financially support a cost of production network for the cow calf sector.

Producers can access provincial cost of production information through the Canadian Cow-Calf Cost of Production Network information located in CanFax. The objective of the Cost of Production Network is to develop baseline cost of production statistics in a way that minimizes the response burden on producers. The current goal is to generate 56 typical benchmarks by 2023, with 41 completed to date including 10 in Saskatchewan. Producers will be able to access this information when comparing their operation to the Cost of Production Network. For more information, contact Canfax Research Services at 403-275-5110 or cra@canfax.ca.

The Government of Saskatchewan is committed to supporting this initiative and is currently monitoring the situation.

Resolution #19: To lobby the Government of Saskatchewan and Canada to develop programming to value the ecological goods and services that grasslands provide.

The ministry recognizes the ecological goods and services that grasslands provide. CAP currently offers cost-shared funding for the beneficial management practices of seeding permanent tame or native forage, riparian grazing management and native rangeland management. The Government of Saskatchewan's programming for the Next Policy Framework is still under development and is linked to a multi-lateral agreement with the Federal government.

Resolution #21: To lobby the Government of Saskatchewan and Canada to offer a long-term low-interest loan to help livestock producers rebuild their breeding herds.

Producers can secure low-interest livestock cash advances under the Advance Payments Program (APP). APP is a federal loan guarantee program that provides agricultural producers with easy access to low-interest cash advances. Livestock producers can access up to \$1,000,000 per program year in total advances based on the value of eligible agricultural products with the Government of Canada paying the interest on the first \$100,000 of the advance. Advances are repaid as the agricultural products are sold with up to 24 months to fully repay the advance on cattle and bison. In Saskatchewan, the APP is administered by the Canadian Canola Growers Association and Manitoba Livestock Cash Advance Inc., among others.

In addition to the APP, producers' primary line of defense against extreme weather conditions and income loss is provided by our existing Business Risk Management Programs – AgriStability, AgriInvest, and AgriInsurance.

For those enrolled in AgriStability, an interim payment can be requested to obtain 50 per cent of the estimated final payment for the 2022 program year.

AgrilInvest is intended to be used for those facing immediate cash flow concerns as withdrawals can be made anytime. AgrilInvest is delivered by the federal government in all provinces except Quebec. For detailed program information, please review the AgrilInvest Program Guidelines.

Under AgrilInsurance, two forage insurance programs are offered that provide substantial value to Saskatchewan's producers: The Forage Program provides multi-peril yield loss coverage on tame hay and greenfeed crop, and the Forage Rainfall Insurance Program protects pasture and hay land should seasonal precipitation fall below the long-term average.

The Livestock Price Insurance Program provides producers with protection against an unexpected drop in prices over a defined period. The following policies pertain to beef cattle:

- LPI-Feeder: This product covers the price risk a cattle feeder faces when marketing. The settlement index is based on the average price of an 850-pound steer.
- LPI-Fed: This product is offered year-round for cattle being finished in Western Canada. Producers can also purchase a fed-basis option to protect against basis risk.
- LPI-Calf: This product covers the price risk a cow-calf producer faces selling calves in the September to February markets. Policies are sold annually between February and June.

For more information, please contact SCIC or visit LPI.ca.

As well, livestock producers are encouraged to monitor prescribed regions for the federal Livestock Tax Deferral Provision. The provision allows producers who sell part of their breeding herd due to drought or flooding in prescribed drought or flood regions to defer a portion of sale proceeds to the following year. For 2021 the entire province of Saskatchewan was prescribed due to drought conditions.

Thank you for the valuable discussion on these topics at your annual general meeting and bringing them forward to me for response.

Sincerely,



David Marit
Minister of Agriculture