



2024

PROVINCIAL ELECTION PROPOSALS

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Introduction:

As Saskatchewan approaches the 2024 Provincial General Election on October 28th, the spotlight turns towards the pressing needs and future of our province, particularly within the agricultural sector.

Agriculture is the backbone of Saskatchewan. It is imperative, therefore, that policies enacted at the provincial level resonate with the aspirations and challenges of our primary producers, benefiting the entire agricultural industry and, by extension, all residents of Saskatchewan.

The upcoming election presents a unique opportunity to address the internal and external competitive pressures and financial challenges confronting the agricultural sector. This period of generational renewal and transition demands that our policy framework is not merely reactive but also anticipatory, carving a path for sustainable growth and viability for both current and future generations of Saskatchewan farmers.

The policy priorities identified below – focusing on program enhancements, business competitiveness and infrastructure renewal – will position Saskatchewan agricultural producers, rural communities, farm and ranch families for future success.

ISSUE #1 Farm Program Enhancements



The Government of Saskatchewan administers critical business risk management programs that are essential to the financial resilience of our agricultural sector. These programs are vital in offering a financial safety net that safeguards investments and supports the rural economy against threats such as drought, other production risks, and economic volatilities.

Crop Insurance, funded through federal, provincial governments and producer premiums, represents a robust partnership designed to provide farmers with tailored risk management solutions. This program is integral to agricultural policy, offering vital coverage that helps the sector manage the impacts of severe weather and fluctuating market conditions. However, there is a pressing need for enhancements in transparency in premium setting, coverage options, and the adaptation of insurance parameters to better meet contemporary agricultural challenges.



Areas for Improvement:

Coverage Options and Premium Transparency:

- Saskatchewan's yield cushioning policy does not meet producer needs compared to standards in other provinces, resulting in rapidly declining coverage after successive years of below average production. Crop Insurance caps coverage at 80% of historical yield, which is insufficient considering rising production costs and the need for producers to forward market a portion of their production for better cash flow management.

- Farmers have voiced concerns over lack of transparency and inconsistencies in premium costs and averaging calculations, especially following successive years of drought and changes to premium setting methodologies. There are large discrepancies in premium costs for crops and producer's policies continue to incur impacts from single disaster years and outdated farming practices affecting premium calculations.

APAS Proposals:

In response to these challenges, APAS is proposing several recommendations aimed at making crop insurance more responsive to the needs of today's farmers.

- **Enhanced Yield Protection:** Introduce a more refined framework for crop insurance yield cushioning that includes more adaptable, regionally based insurance products. This could involve implementing options for "top-up" yield coverage to protect a higher proportion of expected yield beyond the traditional 80% coverage limit.
- **Improved Premium and Policy Transparency:** In close consultation with APAS and other producer representatives, review the recent premium setting approaches. This initiative should aim to enhance transparency concerning premium determinants and tackle issues related to yield averaging calculations and the implications of intergenerational transfers.

SUPPORT FOR YOUNG PRODUCERS AND NEW ENTRANTS

With 40% of Canada arable acres, the future stewards of Saskatchewan farmland will have a profound impact on Canada's agriculture and agri-food sector. A 2023 RBC report estimates that 40% of Canadian farmers will retire by 2033 implying that millions of acres will change hands, and new management will reshape the landscape within the next decade. This trend applies equally to Saskatchewan with the average age of Saskatchewan farmers currently at 56, signaling that a significant generational shift is on the horizon.

Young farmers are a vital asset in this transitional phase, yet they face considerable hurdles. The financial sustainability and potential expansion of their operations are threatened by a series of barriers:

- **Capital Requirements** – to purchase and access land to support farm growth are increasing exponentially.
- **Market Volatility** – fluctuations in commodity prices and increased weather-related risks add layers of uncertainty.
- **High Operating Costs** – input costs, such as seed, chemical, fertilizer, machinery, and labour continue to increase.
- **Competition** – there is heightened competition for land from non-agricultural investors.

Despite these challenges, Saskatchewan remains the only western province without a targeted financial support structure for young farmers.



APAS Proposal:

Enhance Support for Young Farmers

In response to this challenge, APAS is proposing the following recommendations aimed at enhancing support for young farmers.

Enhance AgriInvest – Provide targeted adjustments to the AgriInvest program to specifically cater to the needs of young farmers. This enhancement should focus on reducing financial barriers faced by new entrants, fostering easier access to capital and financing options that acknowledge the unique challenges posed by their beginning stage in agriculture.



LIVESTOCK REVENUE PROGRAMS

Saskatchewan has the second largest cattle herd in the country and livestock production remains a significant driver of stability and diversity in our agricultural sector. While grain producers rely on crop insurance for baseline protection against production-related losses, this model of cost-shared insurance is noticeably absent for cattle producers.

Yet, a significant discrepancy exists in the financial support mechanisms available to producers. While grain producers rely on crop insurance for a baseline protection against production related losses. Unfortunately, this model of cost-shared insurance, which provides tangible, bankable security, is absent for cattle producers. This gap in protection undermines their ability to secure necessary financing for the expansion and enhancement of land and infrastructure, placing them at a competitive and operational disadvantage.



APAS Proposal:

To bridge this gap, APAS proposes the following strategic initiative:

Creation of a Comprehensive Cost-Shared Insurance Option

It is imperative to develop and implement enhanced production and price coverage solutions specifically tailored for livestock producers. This initiative would aim to match the level of protection currently enjoyed by grain and oilseed producers, thereby providing a more equitable and supportive financial environment. Enhanced coverage options would offer livestock producers the much-needed financial security and stability, empowering them to navigate the challenges of market volatility and operational risks more confidently.

ISSUE #2

Business Competitiveness

Ensuring competitive operational costs and tax structures is paramount for Saskatchewan’s farmers to maintain a competitive stance both within Canada and on the international stage. The Provincial Sales Tax (PST) policies and regulations surrounding consumer protection for machinery, equipment, and parts represent key areas where provincial government action can significantly enhance the tax and regulatory landscape for the province’s agricultural sector.

PROVINCIAL SALES TAX

Agriculture’s contribution to PST revenue for the province is growing despite agriculture remaining historically exempt from PST, as they are in other jurisdictions that levy provincial sales taxes. The list of exemptible supplies is not keeping up with changing farm practices and the tax is tied to inflationary prices on services and goods that are increasing rapidly.



The PST framework in Saskatchewan poses an additional administrative challenge. With product-specific exemptions detailed in frequently updated tax bulletins and regulations, the system becomes exceedingly complex, leading to instances where farmers inadvertently pay PST on items that should be exempt. This complexity not only places an undue burden on farmers but also detracts from the sector’s overall competitiveness.

The expansion of PST in 2017 to included insurance premiums, used vehicles, and services to real property (construction labour) further strained the sector. Unlike other provinces that exempt agricultural insurance premiums from such taxes in recognition of the high costs associated with insuring farm properties, Saskatchewan’s lack of exemption makes keeping insurance both affordable and accessible a significant challenge for farmers. Statistics Canada reports indicate that Saskatchewan farmers paid \$264 million dollars in taxable business insurance premiums, a 32% increase from 2019, which translates to an estimated \$15.87 million in PST if assessed at 6% of total premiums paid.

APAS Proposal:

To address these concerns and bolster the agricultural sector’s competitiveness, strategic adjustments to the PST framework and exemption policies are imperative.



The following proposals outline a targeted approach to reform:

- **Review and Update the List of PST-Exempt Supplies** – ensure that the list of exemptible items remains responsive to the evolving practices and needs of modern agriculture, minimizing the financial burden on farmers.
- **Simplify the PST Administration Process** – streamline the process for accessing and understanding exemptions to reduce administrative burdens and prevent inadvertent payment of PST on exempt items.
- **Reassess the Broad-Based Expansion of PST** – Specifically, re-evaluate the 2017 expansion of PST to insurance premiums and other services critical to agriculture, considering exemptions like those in other provinces to alleviate financial pressures on farmers.



By strategically refining the PST system and its associated regulatory environment, Saskatchewan can significantly improve the competitiveness of its agricultural sector. These reforms would not only ease the financial and administrative burdens faced by farmers but also reinforce the sector's ability to thrive both domestically and globally.

MODERNIZE THE AGRICULTURAL IMPLEMENTS ACT

In the face of fluctuating commodity market prices, Saskatchewan's agricultural producers are seeking increased flexibility to manage operational costs and foster greater competition within the input and machinery markets.

The Agricultural Implements Act of Saskatchewan has historically been instrumental in ensuring that farmers have the necessary access to repair services and parts by setting forth service standards and guaranteeing parts availability. However, the evolution of the agricultural sector has introduced new challenges that necessitate an update to this legislation to effectively support today's farming operations.

APAS Proposal:

Proposed amendments to the Agricultural Implements Act:



Consumer Protection for Farm Machinery and Parts: It is imperative to modernize The Agricultural Implements Act to address the multifaceted needs of contemporary farming. This includes the incorporation of new safety standards, ensuring compatibility with emerging technologies, and providing incentives for compliance. Such updates will assure that farmers have the security and support needed to invest in and utilize advanced agricultural machinery and parts.

Addressing Technology Protection Measures (TPMs): Today's agricultural equipment is increasingly reliant on sophisticated technologies that, while beneficial, often come with TPMs which restrict farmers and independent repair services from performing necessary maintenance and repairs. This not only limits the options available to farmers but also increases the cost of ownership and operation. Revising the legislation to address the limitations imposed by TPMs will empower farmers, enabling them to perform their repairs or choose an independent service provider, thereby increasing competition and reducing costs.

Ensuring Access to Repair and Diagnostic Tools: A critical aspect of modernizing the Agricultural Implements Act involves guaranteeing that farmers and independent repair providers have access to essential diagnostic tools, software, and service manuals. This access is crucial for the timely and effective repair of technologically integrated farm equipment, ensuring that machinery downtime is minimized, and farm operations can continue without significant interruptions.

By providing farmers with the means to conduct their repairs or select a service provider of their choice, the updated legislation will inherently stimulate competition in the service and repair market. This increased competition is expected to lead to more favorable pricing, improved service quality, and greater innovation in farming technologies and machinery.

ISSUE #3

Infrastructure Development

POWER AND GAS UPGRADES

Farms in rural Saskatchewan are facing infrastructure financial barriers limiting access to power and gas upgrades and installations. These limitations not only challenge the adoption of modern agricultural practices but also result in prohibitive upgrade costs that could threaten the financial viability of our farming operations.

As farming technologies and the need for sustainable and more productive agricultural practices evolve, it is becoming crucial to have access to infrastructure that can support 21st century agriculture. Unfortunately, many rural areas across Saskatchewan are grappling with power and natural gas infrastructure that are either at capacity or pose exorbitant costs to scale up, ultimately hindering the advancement and expansion of farms.



To illustrate, some farmers looking to modernize their operations and create efficiencies by upgrading to 3-phase power are faced with initial quotes around \$500,000. Moreover, the startling reality that due to a lack of existing infrastructure capacity, a previously quoted \$50,000 upgrade can unpredictably escalate to \$250,000. Such financial impositions are not only unsustainable but deeply concerning, signaling a need for urgent assessment and action from SaskPower and SaskEnergy.

As agriculture evolves, adopting new technologies and practices for efficiency and sustainability, it is imperative that provincial infrastructure can support these advancements. The examples mentioned highlight the gap between current capabilities and the needs of 21st-century farming. This gap, if left unaddressed, threatens not only the competitiveness and viability of our province's agriculture but also its ability to adapt to future demands.

APAS Proposal:

Facilitate Farm Gas and Electrical Upgrades



Agricultural enterprises are at a pivotal juncture where modernization of infrastructure is not only beneficial but essential to remain competitive and sustain operations. However, the financial burden of upgrading these critical systems is a significant impediment for many producers. Government-backed financial support would directly contribute to alleviating this economic strain, enabling farmers to implement necessary enhancements to their gas and electrical infrastructures.



Considering the high expenditure experienced by farmers when upgrading to systems like 3-phase power — a transformation pivotal for the operation of advanced agricultural equipment — the need for fiscal assistance is evident. Such support would facilitate the adoption of efficient and sustainable farming practices, propelling the agricultural sector forward while bolstering the province's commitment to innovation and environmental stewardship.

By establishing funding avenues or incentives, we can ensure that Saskatchewan's farming community is equipped with the infrastructure required to thrive in a rapidly progressing agricultural landscape.

Contact Us

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