

Annual Report
1997-98

Saskatchewan
Agriculture and
Food

Ninety-third Annual Report
for the twelve months ending
March 31, 1998

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Letters of Transmittal

His Honour
The Honourable J. E. N. Wiebe
Lieutenant-Governor of the Province of Saskatchewan

Your Honour:

I have the honour to submit the annual report of Saskatchewan
Agriculture and Food for the twelve months ending March 31, 1998.

Respectfully submitted,



The Honourable Eric Upshall
Minister of Agriculture and Food

The Honourable Eric Upshall
Minister of Agriculture and Food

Sir:

I wish to present to you the annual report of Saskatchewan Agriculture
and Food for the twelve months ending March 31, 1998.

Respectfully submitted,

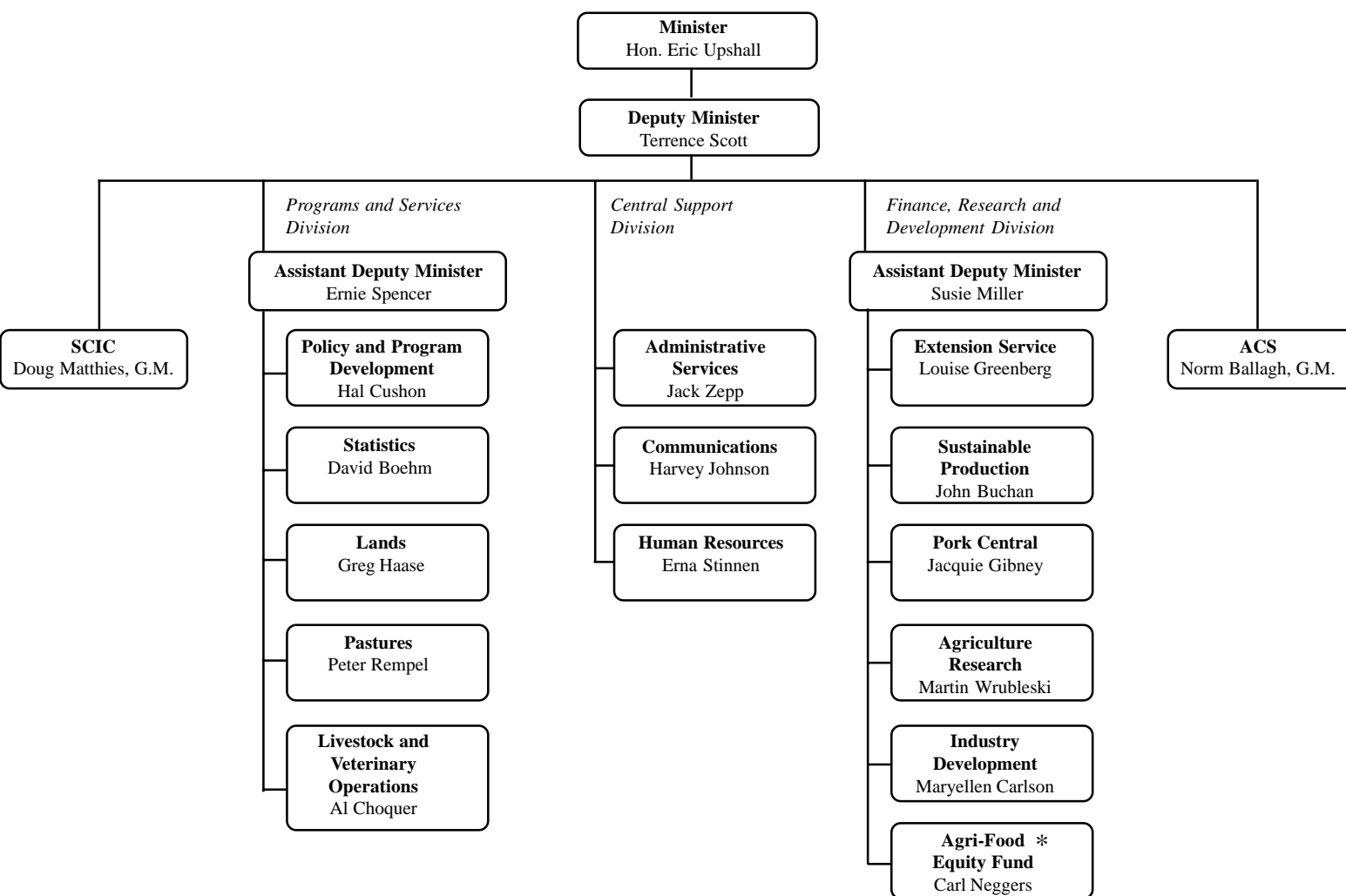


Terrence Scott
Deputy Minister

Department Structure

SAF is composed of three major divisions: Programs and Services, Central Support and Finance, Research and Development, and the two Treasury Crowns: Saskatchewan Crop Insurance Corporation (SCIC) and the Agricultural Credit Corporation of Saskatchewan (ACS).

Saskatchewan Agriculture and Food Organization Chart (1997-98)



* On September 22, 1997, the Agri-Food Equity Fund was formally transferred from the Agricultural Credit Corporation of Saskatchewan to become a separate branch within the department. The financial statements of the Agri-Food Equity Fund are reported separately in its own annual report for 1997-98.

Strategic Direction

Saskatchewan Agriculture and Food (SAF) has always been keenly aware that we cannot work in isolation because our agriculture and food industry is so important and complex, and is so sensitive to the influences of the international marketplace. Our plans must be built within the dynamic environment of our industry as it evolves and adapts to the ever changing world.

SAF's operations continued to be guided in 1997-98 by the *Agriculture 2000* strategic direction. This strategic direction was the result of extensive consultations with farmers and industry organizations. *Agriculture 2000* contains a vision for the province's agricultural sector.

"Saskatchewan's agriculture and food industry will improve the lives of all Saskatchewan people by continuing to develop as an economically and environmentally sustainable industry."

The strategy to shape Saskatchewan's agricultural industry is defined by three foundations:

a) *We must address the changes that will occur on the individual farms in Saskatchewan . . . To provide the opportunity for farm families to manage their land, better control their future and to be economically successful.*

b) *We must encourage and develop higher value production . . . To diversify the agriculture and food sector and to add value to our agricultural production.*

c) *We must consider the institutional changes and relationships that will enable Saskatchewan agriculture to compete in the world economy . . . To promote production, marketing, research, education and training institutions which contribute to the development of family farms, diversification and value-added production.*

The mandate of the department is to add value to agriculture by fostering a commercially viable, self-sufficient and sustainable Saskatchewan agriculture and food industry in partnership with industry. This mandate addresses the needs of individual farms, encourages and develops higher value production and promotes institutional changes required to meet the challenges and opportunities of the future.

SAF Vision

Our Vision Statement is our "imagination of what we want SAF to be":

"A learning organization, dedicated to effectiveness and innovation in public service.

In Partnership: to promote growth of an agriculture and food sector that embraces change to meet the challenges and opportunities of global competition."

SAF Future Directions

The "Future Directions" of SAF are long-term goals that will help SAF achieve its Vision.

TOWARDS AN ORGANIZATION THAT:

Builds the Reputation of Saskatchewan's Agri-Food Industry World Wide

No one is likely to invest in Saskatchewan's agri-food industry or to purchase its products if they are not aware of the province's opportunities. SAF needs to play a central role in building the awareness and reputation of Saskatchewan as a place to do business in agriculture and in related industries. Domestic and international players need a firm understanding of the economic possibilities of the province. SAF needs to continually reach out to those whose ingenuity, resources, and business initiative can help to build the agri-food economy.

Promotes Diversification and Adds Value to the Products of the Agri-Food Industry

Diversification and adding value have many meanings in the agri-food industry. Greater diversity in primary agriculture contributes to a farm economy with better stability and ability to deal with economic risk. This diversity can also provide the base for new value-added processing opportunities. One of the most important directions SAF must pursue is to assist the industry to find ways to produce and market higher-value products to capitalize upon the relatively strong growth in these markets relative to bulk commodity markets.

Supports Sustainable Growth in the Agri-Food Industry

Growth in the agri-food industry is necessary to provide opportunities for people to run businesses and to work in the agri-food industry. But the growth must be sustainable growth. This means achieving growth while conserving and protecting the natural resources upon which agriculture and non-agricultural activities depend. It also means producing crops, livestock and processed products in a way that provides a safe human environment and high quality, healthy end-products for consumers.

Contributes to a Secure Climate for Investment in the Agri-Food Industry

Investment has a habit of avoiding business environments with excessive levels of boom and bust in the marketplace. Agriculture has long been challenged by natural hazards of production and volatile markets. Business arrangements that effectively deal with production and market risks need to be adopted. In addition, insurance and stabilization tools need to provide a level of stability for the industry, while allowing businesses to respond to marketplace needs. A secure climate for investment that is competitive with other jurisdictions is critical to economic growth.

Creates Strong Relationships and Partnerships with the Agri-Food Industry and its Institutions

No single business, research institution, education institution, or government department or agency, can be all things to all people in the agri-food industry. The industry needs are far too diverse and complex. With this in mind, SAF must build strong relationships and partnerships with other players in the industry to make the most effective contribution. Building relationships takes time and patience and, once built, can be easily lost. But, strong relationships and partnerships are the only route to success.

Provides Specialized Programs, Services and Knowledge to the Agri-Food Industry

Henry Mintzberg, a noted management consultant and author, once said, "I do not wish to buy my cars from government any more than I wish to receive my policing services from General Motors." To put this in the current context, SAF needs to provide what it does best and leave the rest to our partners in the agri-food industry. As a government player, SAF

is equipped to meet certain needs that others are not. Conversely, producers, universities, agribusiness and researchers each have their particular role which SAF is not equipped to perform. Put another way, SAF must ensure that we bring to our industry partnerships unique contributions that clearly add value to those partnerships.

Uses Leading-Edge Technology Effectively

Technological advance has certainly revolutionized the agri-food industry. Overwhelmingly, organizations that use leading edge technology effectively are those that add value to their product and give value to their customer. SAF must play a vital role in recognizing new technology that addresses the challenges and meets the problems the agri-food industry will face in the future. SAF must also play its role in transferring technology in its many forms to the ultimate industry users of technology. Of particular importance will be SAF's use of information technology as a tool for sharing information and delivering programs and services.

Builds on Learning, Dedication and Innovation

Learning, dedication and innovation are words from SAF's vision. Knowledge must be continually acquired in today's fast-paced and ever-changing agri-food industry. Constant learning by all SAF employees will be vitally important to future achievements. A challenge will be to learn the right things in a world of unlimited information. Success can never be had without dedication and commitment to the organization and its vision. Finally, SAF and its employees must innovate to drive change, and to respond to changing industry demands, as these redefine the need for SAF's services.

Department Goals

As part of our internal planning framework, the SAF Vision and Future Directions are further defined by a set of Department Goals that guide our “expectations for results” for the broad range of programs and services provided by the department.

Goal 1 - Generation of technology for new and better products, increased output, reduced production costs and environmentally sustainable practices.

Goal 2 - Easy and timely access to information and technology, appropriate to the agri-food industry’s business management needs.

Goal 3 - Unique and innovative financing to meet capital needs for diversification and adding value to agriculture.

Goal 4 - Enhanced productivity and sustainability of agricultural resources to ensure sustained business opportunities.

Goal 5 - A regulating environment that enables growth through high quality products, food safety, environmental protection and market access.

Goal 6 - Effective management of business risks, with the agri-food industry responding to market signals about what to produce.

Goal 7 - Identification of new business opportunities in the agri-food industry.

Goal 8 - Provincial, national and international policies that promote growth, diversification and adding value to the Saskatchewan agri-food industry.

Goal 9- Client satisfaction through friendly and effective customer service.

Goal 10 - A responsible and accountable organization with knowledge, skills, information and authority to perform with excellence.

Goal 11 - Responsible financial management and administration based upon strategic priority setting.

Goal 12 - Industry awareness of SAF’s direction, goals, policies and programs.

Branch and Agency Mandates and Objectives

Each branch made a commitment to:

- Contribute to furthering the directions and goals of SAF within their mandates.
- Pro-actively manage human resources to maximize employee potential and performance by: integrating individual work plans with branch objectives, enhancing performance management, facilitating learning opportunities, and responding to employee survey action teams.
- Develop an active communication plan that promotes recognition for branch and department efforts, increases credibility of staff, and improves client understanding of how individuals and branches work to enhance development of the agriculture and food industry.

Administrative Services Branch

Mandate: *To assist with financial management and information technology to support an efficient and effective delivery of programs and services.*

Objectives:

- Provide financial accounting and reporting services to our clients and stakeholders.
- Provide operational services and support to our clients and stakeholders.
- Provide information technology support and services to our clients.
- Provide business improvement support to our clients.

Agricultural Credit Corporation of Saskatchewan (ACS)

Mandate: *To promote the wind-up of the loan portfolio in a timely and efficient manner.*

Objectives:

- Management of the current portfolio to maximize recovery while ensuring sensitivity to customer needs.
- Maintenance of debt resolution partnerships which serve the interest of all parties.

- Resolution of outstanding delinquent accounts by focusing on those accounts that are over 900 days delinquent. In addition, resolution of Saskatchewan Crop Insurance Corporation (SCIC) and Lands Branch accounts will be directed at the largest of these accounts and those that originated prior to 1993. (“Resolution” includes settlements, interest concessions, write-offs, accounts brought current or paid out.)
- Achievement of an orderly wind-up of the Corporation’s affairs by March 31, 2000.

Agriculture Research Branch

Mandate: *To manage and co-ordinate SAF research investment.*

Objectives:

- Develop, communicate and implement a SAF research and development (R&D) strategy that focuses on priority areas and defines the relative role of industry funding.
- Determine the role of SAF in providing R&D financial support to companies.
- Revise the R&D project assessment and evaluation process jointly with contributing branches.
- Develop a technology transfer framework for SAF R&D projects in partnership with other branches.
- Review, revise and communicate the SAF intellectual property policy for R&D investments.

Agri-Food Equity Fund Branch

Mandate: *To develop the industry through the placement of equity in business projects.*

Objectives:

- Invest \$20 million in value-added agriculture and food initiatives.
- Actively identify and analyse investment opportunities for agriculture and food based initiatives.
- Monitor individual and aggregate performance, and allow for internal auditing.
- Work with other government agencies in order to develop an overall government investment strategy.
- Conduct training or informational sessions with department staff, other government agencies, or the business community, which focus on sharing branch expertise in the areas of equity investing, general financing, business management, due diligence and market analysis.

Communications Branch

Mandate: *To co-ordinate and provide assistance to effectively communicate and market the department’s policies, programs and services.*

Objectives:

- Effectively market Communications Branch services to appropriate client groups.
- Assist the development and manage the electronic information dissemination for the department (Intranet/Internet).
- Expand activities regarding agricultural awareness – particularly targeted at the Saskatchewan urban audience.
- Refine and expand the strategic communications planning process within the department.
- Review and revise Communications Branch services offered to various client groups.

Extension Service Branch

Mandate: *To assist in the adaptation of cost effective technology in producing products and to provide information on SAF programs.*

Objectives:

- Adapt, develop and deliver information to clients on new production and management practices and technologies in traditional and emerging commodities and areas.
- Increase the degree of specialization and skill sets of employees in order to offer focused information and services based on client needs.
- Create equitable partnerships with governments, industry associations and producer groups in order to increase the efficiency and productivity of Extension Service resources.
- Develop and implement employee and branch customer service standards that enhance the quality and timely service that we provide.

Human Resources Branch

Mandate: *To assist in the areas of human resource management and organizational development.*

Objectives:

- Implement and develop additional components of the department’s strategic human resource management model.

- Deliver consultative service that enables clients to meet their business needs.
- Lead change initiatives of human resource transformation for the department.
- Implement the department learning policy.

Industry Development Branch

Mandate: *To provide specialized services for Saskatchewan agriculturally based industry through institutional development, food regulatory policy and business development.*

Objectives:

- Provide specialized services and information to the agri-food industry in partnership with the Saskatchewan Food Industry Development Centre and its membership.
- Identify and analyse market developments and opportunities for the agri-value industry in Saskatchewan.
- Deliver information and expertise on bison, chicken, nutraceuticals, food processing, quality assurance, organic products, specialized livestock and specialized crops to industry, so that they are able to become more competitive and act on diversification opportunities.
- Develop, review and amend SAF's policy and regulations to ensure that they further industry expansion.

Lands Branch

Mandate: *To provide farm business opportunities through leasing and sales programs while promoting public objectives of integrated land use and a sustainable land resource.*

Objectives:

- Continue to develop new and maintain existing programs that ensure sustainable management and proper use of both occupied and unoccupied Crown land.
- Develop new programs and procedures that will assist to balance environmental, economic, social and cultural goals of Crown land management.
- Make necessary adjustments to reduce cost and time expended in accounting for Crown land assets and to comply with generally accepted accounting principles.

- Strategically position the branch to provide exceptional, cost effective, client service in the day to day delivery of our leasing and sale programs.
- Develop and implement procedures that improve the accuracy of records associated with Crown land management.
- Ensure that opportunities for integrated land use are encouraged and that where appropriate, integrated land use plans are developed.

Livestock and Veterinary Operations Branch

Mandate: *To support the agri-food industry by providing services and administering regulations for financial initiatives, animal disease control, environmental reviews, inspections, licenses, registrations and complaint resolution.*

Objectives:

- Provide excellent program delivery.
- Identify training needs within the branch and to provide the necessary learning opportunities for personal development and improved client service.
- Identify the changing needs of industry to develop supportive regulations, policy and programs.
- Improve planning for more effective and efficient branch operations.
- Enhance our communication within the department and to our clients.
- Update or create policy and procedure manuals to provide guidance to the industry and staff.

Pastures Branch

Mandate: *To provide livestock business opportunities through a community pasture program while promoting public objectives of integrated land use and a sustainable land resource.*

Objectives:

- Provide supplementary grazing and beef management services to enhance livestock diversification.
- Provide supplementary grazing to area livestock producers.
- Provide high quality livestock nutrition, health and care services to add value to patrons' animals.
- Improve environment and agricultural sustainability of marginal Crown lands.
- Maintain permanent cover on marginal lands to prevent soil degradation.
- Practice sound range management to ensure sustainable production.

- Manage pasture resources to accommodate complementary uses such as: wildlife habitat, eco-tourism, heritage interests and mineral activities.
- Improve the grazing capability of land through forage improvement projects.
- Obtain full rejuvenation of forage stand on previously broken lands.
- Reduce bush encroachment onto pasture land.
- Provide better rangeland management.
- Develop rangeland management plans for each pasture.
- Implement new enterprise opportunities which have been analysed and will result in better use of resources and generate additional revenue.
- Provide year round livestock management where possible to meet customer needs and make better use of human resources.

Policy and Program Development Branch

Mandate: *To anticipate and analyse economic opportunities and policy issues and respond by developing appropriate strategies.*

Objectives:

- Anticipate events, problems and opportunities that will impact the Saskatchewan agriculture and food sectors.
- Undertake economic analysis and research related to problems and opportunities.
- Identify public policy issues raised by stakeholders, clients/customers.
- Develop public policy options and strategies that address public policy issues.
- Undertake the necessary policy research and economic analysis, negotiate federal/provincial agreements, and propose policies and programs.
- Develop strategies to influence federal public policies.
- Represent SAF on numerous federal/provincial committees, various boards, commissions and review processes.
- Communicate activities to clients/customers and stakeholders.

Pork Central

Mandate: *To promote the sustainability and the expansion of the pork industry.*

Objectives:

- In partnership, implement research strategies which identify gaps and communicate industry needs in the areas of manure management and pork production and assist industry stakeholders in the adoption of the results.
- Undertake initiatives in the areas of recruitment, training and career awareness which contribute to the development of a skilled pork industry labour force.
- Target support to production units which contributes to a more conducive investment and environmental business climate to facilitate increased production capacity for existing and new producers.
- Implement a pork industry communication strategy which addresses environmental and socio-economic issues as a means to improve the public perception of the pork industry.

Saskatchewan Crop Insurance Corporation (SCIC)

Mandate: *To provide crop production insurance to farm businesses in order to manage production risk and to stabilize the farm economy.*

Objectives:

- Research, plan and develop programs and policy based on agronomic information. This is done through analysis, consultation, and managing within legislative guidelines and by keeping abreast of changing farm practices and production risks in order to reflect these changes in the insurance program.
- Be leaders in the delivery and enhancement of crop production insurance to agricultural producers.
- Ensure integrity in the yields reported by producers, the claims distributed to producers and the adjusting practices applied by the corporation.
- Effectively communicate the crop insurance programs and its various services to our public through print, electronic and broadcast media and marketing public relations.

- Provide information technology services for the corporation through leadership, timely systems development, quality control, networking services, operations and technical support, thereby assisting others to serve external customers.
- Enhance the effectiveness of human resources management within the SCIC and ensure quality employees are obtained, developed, properly utilized, evaluated and retained to ensure organizational effectiveness.

Statistics Branch

Mandate: *To compile, interpret and distribute statistical data describing trends in the industry to facilitate decision-making for SAF and stakeholders.*

Objectives:

- Data management: research, design and develop interactive relational data management systems that enhance the efficiency of the Statistics Branch in both the orderly storage and the dissemination of agri-food data.
- Emerging sectors: establish and maintain a network of information sources on emerging primary and value-added sectors in Saskatchewan.
- Geographic Information Systems (GIS): facilitate the development of GIS capabilities in the branches/agencies of SAF.
- Quality products and services: meet the agri-food data needs of our clients – in terms of timeliness, accuracy and subject matter.

Sustainable Production Branch

Mandate: *To provide specialized production services to the Government of Saskatchewan, and to producers through extension agrologists and industry groups.*

Objectives:

- Development: in partnership with industry groups, identify opportunities for development and diversification of crop and livestock production in Saskatchewan and work with SAF branches and government agencies to create and implement strategies to help realize these opportunities.
- Specialist Services: through ongoing dialogue with industry and government stakeholders, develop, target, adapt and provide appropriate depth and range of specialist services, programs and informational products to increase sustainability of Saskatchewan crop and livestock producers.
- Regulation and Policy: develop, review, amend and administer SAF policy and legislation to ensure that the further sustainability of crop and livestock production in Saskatchewan.
- Client Service: consult with internal and external clients to evaluate the appropriateness, and improve timeliness and efficiency of branch programs and services.

Industry Overview

Saskatchewan's agriculture and food industry is a vital part of the economic growth and development of the province.

With increased global competition, Saskatchewan's agriculture and food industry must respond to meet the related challenges and to capture the opportunities of the international marketplace. For this reason, the province has seen an increased focus on areas that add value and diversify the agriculture and food sector. During the year, the province continued to see the results of industry efforts, along with the contributions of Saskatchewan Agriculture and Food, in diversifying and adding value to agriculture in Saskatchewan. The year also demonstrated the continuing contribution of agriculture to the overall provincial economy and the socio-economic dimension of agriculture within Saskatchewan.

Land and People

Saskatchewan's total land area is 220,200 square miles or 140.9-million acres.

Farm-land area comprises 65.7-million acres, of which cultivated farm-land area is 49.6-million acres, and native pasture and other is 16.1-million acres.

The number of farms in Saskatchewan is 56,995 as of the 1996 Census of Agriculture.

Average farm size is 1,152 acres. Average cultivated area on farms is 870 acres.

According to the 1996 Census, the total Saskatchewan population is 990,237 composed of a total rural population of 363,059, and a total urban population 627,178.

Crop Production

The diversification of Saskatchewan crops continues. In 1997, over 62 per cent of the acres harvested in Saskatchewan had been sown to crops other than spring wheat. This compares with less than 42 per cent to crops other than spring wheat during the period 1982-86.

Harvested area for 1997 compared to the five-year averages of 1992-96 and 1982-86 is as follows:

Crops	Harvested Area (acres)		
	1997	1992-96	1982-86
spring wheat	12 450 000	13 696 000	16 870 000
canola	5 600 000	4 842 000	2 444 000
durum	4 500 000	3 787 000	3 212 000
barley	4 350 000	3 756 000	3 290 000
oats	1 650 000	1 276 000	850 000
flax	1 100 000	806 000	570 000
field peas	1 500 000	863 000	82 200
lentils	780 000	674 000	152 600
mustard seed	560 000	467 000	214 800
canary seed	250 000	360 000	114 400
fall rye	175 000	178 000	374 000
winter wheat	75 000	57 000	440 000
sunflower seed	35 000	43 600	14 100
spring rye	15 000	30 000	53 000
mixed grains	20 000	28 000	57 000
triticale	20 000	20 900	n.r.
caraway	10 900	n.r.	n.r.
coriander	20 900	n.r.	n.r.
dry beans	4 400	n.r.	n.r.
chick peas	25 600	n.r.	n.r.
safflower	2 000	4 400	n.r.
buckwheat	3 000	n.r.	n.r.
borage	5 900	n.r.	n.r.
Total	33 152 700	30 888 900	28 738 100

n.r. - not reported

Harvested acres of potatoes, fruit, vegetables and greenhouse crops also increased compared to the five-year averages.

Horticulture	Harvested Area (acres)		
	1997	1992-96	1982-86
potatoes	8 500	5 300	3 329
fruit	755	784	n.r.
vegetables	1 007	1 104	n.r.
greenhouse	34	28	8
sod and nursery	2 397	n.r.	n.r.

n.r. - not reported

Livestock on Farms and Poultry Placements

	1997	1992-96	1982-86
total cattle & calves	2 885 000	2 652 600	2 210 200
total pigs	862 000	879 080	578 600
total sheep & lambs	73 800	82 040	62 320
chickens (for meat)	13 634 000	13 265 200	10 306 400
chickens (for eggs)	822 000	961 600	1 169 000
turkeys	729 000	813 800	697 600
bee colonies	87 000	85 500	99 200

Specialized Livestock - Census Data

	1997 (est.)	1996	1991
wild boar	20 000	18 686	x
elk	12 000	8 598	2 744
bison	12 000	7 006	1 644
deer	6 000	5 985	2 289
ratites (ostrich, emu, & rhea)	3 500	3 669	x
x <i>confidential</i>			

Exports

The value of agriculture and food exports increased in 1997 to \$5.081 billion compared to \$4.579 billion in 1996 and compared to the five-year average (1992-96) of \$3.835 billion. Some examples of exports and their value are as follows:

Value of Agriculture and Food Exports (\$ million)

	1997	1992-96
wheat	\$1 863.1	\$1 638.3
durum	949.5	612.2
canola	502.7	420.7
barley	305.5	211.2
cattle & calves	206.0	207.9
hogs	8.3	10.2
other livestock and poultry	11.4	5.9
plant products	287.2	102.3
food and beverages	7.6	9.4

(Source: Statistics Canada)

Income and Expenses

Total farm cash receipts in 1997 were \$5.902 billion compared to the five-year average (1992-96) of \$4.965 billion.

Net operating expenses in 1997 were \$4.314 billion compared to the five-year average of \$3.645 billion.

Net cash income in 1997 was \$1.588 billion compared to the five-year average of \$1.313 billion.

The value of inventory change in 1997 was -\$665.2 million, a significant drop from the 1992-96 average of \$252.1 million. The end of the 1996 calendar year saw farmers holding a lot of grain on their farms as a result of poor rail movement in November and

December 1996. This carryover – combined with relatively high prices – created a high year-end inventory value for 1996. Improved grain movement through the system during 1997 resulted in much reduced inventories (back to a more normal level by the end of 1997). This reduced carryover – combined with lower prices – created a much lower-valued inventory by year-end, 1997 and resulted in the extraordinary negative value of inventory change during the year.

Average total farm family income for 1996 was \$45,184 compared to the five-year average (1991-95) of \$41,389. Total farm family income in 1996 includes net farm operating income of \$16,449 and off-farm income of \$28,735. The five-year average (1991-95) for net farm operating income is \$14,947 and for off-farm income is \$26,891.

The total value of farm capital in Saskatchewan in 1997 was \$32.617 billion compared to the five-year average (1992-96) of \$27.236 billion.

SAF Initiatives and Accomplishments

Saskatchewan Agriculture and Food's operations in 1997-98 focused on working with farmers and the industry to achieve *Agriculture 2000's* objectives and on providing ongoing programs and services which add value to the sector as a whole. The broad range of initiatives and accomplishments, achieved by our partnerships with the industry, indicates the kind of co-operation and leadership that SAF is dedicated to providing farmers and the agriculture sector.

The resources appropriated by the Legislative Assembly to SAF are used to undertake programs and initiatives that meet the goals and directions of SAF, thereby contributing to SAF's mandate on behalf of the agri-food industry.

Goal 1.

Generation of technology for new and better products, increased output, reduced production costs and environmentally sustainable practices.

SAF, through its research and development funding, has a powerful tool to contribute to new technologies and to enhance the knowledge base in agriculture and food industries. There is also a thriving research community in Saskatchewan to build upon for the future.

The Saskatchewan Agriculture Development Fund (ADF)

ADF was established in 1985 to fund agriculture and food research and development in the province.

A 13-member Board of Directors, with representation from the provincial government, the research community and the agri-food industry, reviews project proposals in June and December of each year. The Board selects the projects which will receive funding.

In 1997-98, a total of 237 projects (new, ongoing and in completion) received funding which amounted to \$5.111 million under the research and development component of ADF.

In 1997-98, the Department also funded 22 projects for a total of \$4,088,000 under ADF's Strategic Research Program agreement with the University of Saskatchewan. These projects included research into soil biology, conservation, fertility, special crops, traditional crops, biotechnology, animal production, genetics, reproduction, animal welfare, native fruits, value-added processing of meats and crops, agricultural engineering, and animal disease diagnostics of reproduction.

Ag-West Biotech

Ag-West Biotech Inc., located at Innovation Place in Saskatoon, promotes the development of the agricultural biotechnology sector in Saskatchewan through marketing and information. Ag-West Biotech serves as an umbrella organization for the numerous ag-biotech companies which are located at Innovation Place.

SAF provided funding of \$1.087 million to Ag-West Biotech to assist the continuation of its activities and to assist with ag-biotech research.

Saskatchewan Beef Development Fund (BDF)

The BDF was established in 1994 to administer the Beef Development Plan and use funds from two sources: the fund which remained following the termination of the National Tripartite Stabilization Program and the surplus from the Saskatchewan Beef Stabilization Board marketing account. The fund is administered by the Saskatchewan Beef Development Board, composed of six members appointed by the Minister of Agriculture and Food.

In 1997-98, the BDF provided support of \$173,263 for 18 research projects related to the beef industry structure, cattle production, nutrition, breeding, disease control and beef processing.

Prairie Agricultural Machinery Institute (PAMI) Support

SAF provided annual core funding of \$768,000 for the 1997-98 fiscal year to PAMI to carry out research, development, evaluation and extension activities to

INDUSTRY SNAPSHOT

Saskatchewan Farm Cash Receipts for 1997 were up \$420 million over last year to \$5.9 billion – highest receipts ever.

improve farm machinery and processes. PAMI is increasing its level of activity relating to value-added processes and equipment.

Veterinary Infectious Disease Organization (VIDO) Support

SAF signed a five-year, \$1.5 million contract with VIDO to support research and development in disease control and vaccine production.

Prairie Swine Centre Support

SAF signed a five-year, \$1.25 million contract with the Prairie Swine Centre Inc. to support research and development in quality pork production. SAF also provided \$3 million to expand the building, \$50,000 for training for hog barn managers and \$300,000 per year for three years for research and development.

Horned Cattle Fund (HCF)

The HCF was established in 1939 at the request of the industry to encourage producers to dehorn their cattle. Since 1952, \$2 has been collected from the purchase price of every horned animal sold in Saskatchewan. Over the past 35 years, the percentage of horned cattle sold in the province has fallen from 20 per cent to less than 10 per cent. SAF collects the money through its livestock inspection system and uses the fund to support research in bovine health and management techniques as well as agricultural societies and exhibitions.

The fund is managed by the HCF Committee composed of representatives of the cattle industry appointed to the committee by the Minister of Agriculture and Food. In 1997-98, the HCF collected \$201,485 in deductions and \$6,103 in interest. The fund supports cattle production research and development and product development and market promotion. In 1997-98, HCF provided support of \$129,500 for seven projects.

Cattle Marketing Deductions Fund (CMDF)

The CMDF was established in 1970 to promote the growth of the beef sector through research, promotion and market development activities. The fund is self-supporting via a “mandatory-refundable” check-off of \$1 per head collected at the time of sale.

Cattle producers who do not wish to participate in the fund can request a refund of the previous year’s deductions at the end of every January. SAF collects the check-off through its livestock inspection system.

The CMDF is managed by the CMDF Committee composed of representatives of the cattle industry who are appointed to the committee by the Minister of Agriculture and Food. For 1997-98, the fund collected \$1,499,134 in check-offs and \$42,025 in interest. Refunds totalled \$70,975. The fund supports cattle production, promotion and development activities. In 1997-98, CMDF provided \$1,233,201 to support 14 projects.

Research Publications

Results of research projects undertaken with funding from SAF are available from the Agriculture Research Branch.

Goal 2.

Easy and timely access to information and technology, appropriate to the agri-food industry’s business management needs.

The body of information, knowledge, and technologies in agri-food industries is literally exploding in growth. SAF will use its information delivery system to meet the goal of putting the right information into the hands of people who need it, at the time they need it. Achievement of this goal will increasingly mean working with industry partners.

Client Service

During the year, extension staff handled:

- 107,619 telephone contacts; 41,603 office consultations; 13,266 field calls;
- 729 public extension events; resourced 1,457 extension events;

- 173 TV spots; 811 radio interviews; 1,405 newspaper articles and interviews; and
- 582,068 copies of 392 newsletter issues.

Internet Access

Computers were installed in the reception areas of several Rural Service Centres (RSCs). The purpose was to provide producers with a hands-on approach to evaluating whether Internet access at home would be useful in meeting their information needs. Customer Service Representatives (CSRs) also provided basic Internet training to clients.

Saskatchewan Pasture Program (SPP) Brochures

Two brochures were developed for the SPP. One was for overall operations and the other highlighted bull and cow wintering programs.

CD-ROM Information Packages

The department developed several CD-ROMs including:

- 'Economics and Agronomics of Crops' with information on dry peas, chick peas, caraway, alfalfa seed, seed potatoes and winter cereals. This was developed in partnership with the College of Agriculture and Extension Division of University of Saskatchewan.
- 'Information for Saskatchewan Farmers' in partnership with the University of Saskatchewan and Agriculture and Agri-Food Canada (AAFC). This product was demonstrated to staff and producers at farm shows around the province.

Farm Business Information Programs

Agriculture Institute of Management in Saskatchewan (AIMS) and its partners continue to deliver farm business management information to Saskatchewan farmers. In 1997-98, approximately 13,200 participants (farmers/farm managers) accessed programs/projects offered through AIMS. Ongoing program areas include: Consultant Workshop Program, Speaker/Conference Sponsorship Program, Seminars and Workshops, Annual Profiting from Agricultural Change Conference, and the new project funded by the Canada-Saskatchewan Agri-Food Innovation Program (AFIF) – Managing

INDUSTRY SNAPSHOT

Saskatchewan's production of lentils in 1997 represented over 95 per cent of Canada's total lentil production.

Technology for Agricultural Information. Saskatchewan Management Plus (SMP)

SMP is a voluntary program designed to provide information on crop production technology and farm management practises based on actual producer data. As data accumulates it will be possible to make detailed comparisons between individual farming practises and established yields.

In 1997, 395 producers participated in the program. A partnership between SAF, Saskatchewan Crop Insurance Corporation, and AIMS to promote the program is expected to increase participation to approximately 2,000 producers in 1998.

Agri-food Data Management Strategy

Faced with increasing demands for electronic agri-food statistics, the department developed an agri-food data management strategy to start the process of creating a better data management system which will allow the department to reduce response time for data requests and disseminate data more efficiently. The strategy is in place and the data systems are being created.

Emerging Sectors

In order to better meet the data needs of stakeholders for data on emerging and value-added sectors, the department embarked on a strategy to provide this kind of baseline data. Information has been compiled on the key sectors and efforts have now been placed on maintaining access to the data.

Survey of Specialized Crops

In partnership with Statistics Canada, a survey of producers of specialized crops was conducted in the fall of 1997 to gather data on emerging crops in Saskatchewan.

INDUSTRY SNAPSHOT

In 1997, Saskatchewan's cattle herd was 2,885,000 animals, a 21 per cent increase from 1992 levels.

Feed Grain and Forage Listing Service on Internet

The Feed Grain and Forage Listing Service was upgraded to an Internet based listing system allowing farmers and SAF staff to post listings directly and query the system from their own computer. Benefits include direct access to the service from remote locations and more timely access to information on feed supplies in Saskatchewan.

Crown Land Internet Access

All agricultural Crown lands and specifics about the land are listed on the Internet. The department began providing registered users access to the client name and address for parcels of Crown land. SAF provided access to client information via the Internet to 14 Rural Municipalities, 35 oil and gas companies and 10 government agencies. This allows registered users to look up client names and addresses without referring to Regional Offices.

Crop, Insect and Disease Surveys and Control

The department participated in provincial surveys for wheat midge, grasshoppers, Bertha armyworms, root maggots, diamondback moths, cereal diseases and canola diseases. Survey results, based on the field work done by agronomists and published by SAF, are one of the most important crop planning aids our clients have in the January to April period. The results of these surveys were also distributed to agribusiness. Results serve as an early warning system and also form the basis for many extension events throughout the year.

Agriculture Institute of Management in Saskatchewan (AIMS)

AIMS provides funding for farm business management projects. In the past year, AIMS funded the development of the Western Canada Feedlot Management School in co-operation with the University of Saskatchewan and the Saskatchewan Cattle Feeders Association. This project was very successful and

will be offered again this year. Other successful projects funded by AIMS include the New Generation Co-operatives – Opportunities in Agricultural Processing video and booklet and the ongoing Market Prospects television segments airing on the BBS weekly program – FARMGATE.

Bison Manual

The Bison Production Manual for Saskatchewan producers was updated. New sections on handling systems and fencing were added.

Livestock Predation Factsheets

The department compiled factsheets on Livestock Predation in response to producers' concerns.

Post Graduate Agriculture Degree

SAF sat on a joint committee with the College of Commerce at the University of Saskatchewan to develop a Masters of Business Administration (MBA) in Agribusiness course.

Hog Industry Training Needs Survey

SAF conducted a training needs survey which has been used as the basis for the development of a management level training course by the Prairie Swine Centre. The department has assisted in the selection of a program co-ordinator and will provide additional support in the development of program modules and in the delivery of course materials. The department will also continue to play an advisory role as the program develops and is delivered.

Pork Industry Career Opportunities

SAF is in the process of finalizing the script for a recruitment video that will be used by producers and by the department to create an awareness of career opportunities in the pork industry.

Western Environmental Standards

SAF is represented on the Prairie Provinces Committee on Livestock Development and Manure Management. This tri-provincial committee was established to explore the opportunity to develop environmental standards across Saskatchewan, Manitoba and Alberta.

Hog Environmental Management Strategy

SAF co-operated on the Hog Environmental Management Strategy sponsored by AAFC.

Hog Industry Manure Management Strategy

SAF staff have developed a Provincial Manure Management Strategy. This strategy will be taken to industry stakeholders as part of a larger consultation process on intensive livestock production issues.

International Grasslands Conference

SAF staff helped facilitate and resource the XVIII International Grasslands Conference that was held in Saskatoon on June 14-19, 1997. More than 1,000 international delegates attended. The department organized and manned an information booth, handed out thousands of copies of the department's literature, supplied special language skills to many delegates, organized local tours, and resourced and guided bus tours across the province.

Western Canadian Conference on the Food Industry

SAF was very involved in the organization and coordination of the Western Canadian Conference on the Food Industry (March 30-31, 1998). The organization of this conference was led by the Saskatchewan Food Processors Association. The conference attracted about 200 participants and included, for the first time, a technical/food industry services trade show.

Prairie Medicinal and Aromatic Plants Conference

SAF assisted the organization of the Prairie Medicinal and Aromatic Plants Conference held in Saskatoon, March 5-7, 1998.

Discovery '98

SAF helped organize and supported *Discovery '98*, a forum for the use of non-conventional crop fibres which was held in Melfort, Saskatchewan on February 6, 1998.

INDUSTRY SNAPSHOT

Saskatchewan Farm Cash Receipts for 1997 crops were \$4.4-billion – highest ever reported.

Inquiry Line

SAF's Agricultural Inquiry Line handled 7,410 calls and walk-in inquiries from the public.

Farm Stress Unit

SAF established the Farm Stress Unit in February 1992. The Unit offers a toll-free telephone service and a computer based provincial directory, the Saskatchewan Human Services Directory, to farm and rural people. Active farmers staff the line and provide short-term counselling, referral and advocacy for callers. The line is operational year-round from 8 a.m. to 9 p.m. Monday through Saturday.

The Farm Stress Line received 1,288 counselling and information calls in 1997-98. The Unit has received a total of 8,428 calls for counselling and information since its inception in February 1992. Callers to the line were approximately 45 per cent male and 55 per cent female. It is estimated that 37 per cent of the calls come from people in the 40 to 49 age range. Issues addressed by callers fall into two general categories of farm business/finance and personal/family.

In the 1997-98 fiscal year, the Farm Stress Unit received \$50,000 from the Women's Secretariat to continue the project to convert the Saskatchewan Human Service Directory to Internet which is scheduled for completion in 1998-99.

INDUSTRY SNAPSHOT

Canola acreage increased 65 per cent between 1992 and 1997 from 3.4 million acres to 5.6 million acres.

Goal 3.

Unique and innovative financing to meet capital needs for diversification and adding value to agriculture.

SAF has moved from providing general financing for multi-purposes to a more targeted approach that meets goals in the marketplace. Meeting the goal will be particularly important to move in the direction of value-added agriculture in Saskatchewan.

Agri-Food Equity Fund

The Agri-Food Equity Fund was established to provide start-up or expansion equity capital which add value to primary production. The \$20 million fund will assist operations with proven ideas, but without the equity to capitalize on market opportunities. Each investment carries a maximum eight-year term and revenues generated from investments are returned to the fund for reinvestment in other value-added opportunities

Approved 1997/98 investments:

Melville Seeds	\$200,000
Durafibre Inc.*	1,000,000
Popowich Milling (Addition)	800,000
Northern Lights Mushrooms *	150,000
TML Foods Ltd. (Addition)*	1,500,000
Gordo's Foods Inc.*	100,000
Walker Seeds Ltd.*	1,000,000
Big Quill Resources*	1,000,000
Ag Growth Industries*	1,000,000
Total	\$6,750,000

* Indicates actual disbursement was not fully made until after March 31, 1998.

Livestock Loan Guarantee Program

The Livestock Loan Guarantee Program fosters the expansion of Saskatchewan's beef industry through partnership with producer co-operatives and agri-lenders. Government guarantees to lenders facilitates credit acquisition in a low-risk environment. Loans are used to purchase feeder or breeder cattle on behalf of the co-operatives' members.

	96-97	97-98
Number of Associations	138	135
Number of Members	6477	5700
Loan Guarantees (\$M)	\$49.2	\$38.3
Feeder Cattle Purchased (head)	116,150	119,840
Value (\$M)	\$54.9	\$69.7
Breeder Cattle Purchased (head)	15,698	20,340
Value (\$M)	\$12.4	\$15.9

Agricultural Credit Corporation of Saskatchewan (ACS)

In its efforts to achieve an orderly wind-up of its affairs by March 31, 2000, ACS continued to reduce outstanding delinquent accounts in the 1997-98 fiscal year. The delinquent portion of the portfolio has been reduced by \$25.3 million to \$24.1 million out of a total portfolio of \$167.4 million (the total portfolio was \$382.5 million on March 31, 1996, when the wind-up was announced).

Livestock and Horticultural Facilities Incentive Program

The Livestock and Horticultural Facilities Incentive Program has been in full operation since October, 1997. The program provides rebates of Education and Health Tax paid on materials used in livestock and horticultural facilities.

By March 31, 1998, the program received applications requesting rebates totalling \$140 thousand. This represents a supply and service economic activity of approximately \$6.7 million in livestock facilities, greenhouses and fruit and vegetable storage facilities in rural Saskatchewan.

Goal 4.**Enhanced productivity and sustainability of agricultural resources to ensure sustained business opportunities.**

SAF manages directly over eight million acres of Crown land, which offers opportunities for continual improvements in productivity. In addition, through research technology transfer and appropriate regulations, the department contributes to the goal of ensuring productive and sustainable use of the vast natural resources agriculture relies upon.

Multiple Use of Crown Land

Multiple use of Crown land continues to expand in an integrated fashion, often co-existing with traditional agricultural use. Examples of activities in this area are:

- Two leases for apiaries on Crown land
- Two leases for eco-tourism (camps) on Crown land
- Seven permits for eco-tourism on Crown land (access and activity only, no facilities) renewable annually
- One renewable permit for cross country ski trails allowing for the development and use of trails
- Two renewable permits for trail riding on Crown land
- A canoe launch and parking lot
- First Nations burial site on Crown land
- Turnaround parkade to promote tourism and to assist with controlled access in the big dune area (Great Sand Hills) on the Straw road
- Continued oil and gas activities related to Crown lands including major works for gas transmission lines (Foothills Pipelines, Trans Canada Pipelines and Alliance Pipelines)
- Timber harvest on vacant and leased land
- Permits for wild rice harvesting
- Snowmobile trails
- Outfitting on vacant Crown land
- Land-use planning

Land-Use Planning

Staff participated in a number of land-use planning processes including:

Old Man on His Back

Staff participated in ongoing planning in the *Old Man*

INDUSTRY SNAPSHOT

The majority (50 per cent) of Canada's 1997 canola crop was produced in Saskatchewan.

on his Back Prairie and Heritage Conservation area which included the Saskatchewan Research Council Range Planning Initiative.

Great Sand Hills

Staff helped in the ongoing planning with the *Great Sand Hills Planning Commission* resulting in proposed new bylaws relating to development in sensitive areas.

Pasquia/Porcupine Integrated Resource Plan

A three year planning process for the Saskatchewan Environment and Resource Management-led *Pasquia/Porcupine Integrated Resource Use Plan*, in which the department participated, is now close to a final report.

Land Use Monitoring

SAF has undertaken a number of initiatives to effectively monitor the use of Crown land. The initial focus has been on agricultural leases with an expectation that as time and resources become available, other uses will be monitored.

The department has begun to look at other sources of information to ensure that acreages that are included in agricultural leases are consistent with other digital information that exists. In this regard, a pilot project comparing cultivated lands to the South Digital Land Cover Classification information was undertaken. This project will provide much needed direction on the accuracy of present information.

During 1997-98, the department initiated a land use audit program for a selected sampling of lands from within the portfolio. Lands initially focused on for the past year included marginal cultivated lands, a sampling of both larger and smaller leases containing native grazing lands, Co-op grazing pastures, leases where clients had arrears with the department, sand and gravel leases and a random sample of special leases.

INDUSTRY SNAPSHOT

Summerfallow acreage decreased 27 per cent from 13.5 million acres to 9.9 million acres between 1992 and 1997.

The audits showed that the majority of the land inspected was well managed; rangeland was healthy; and, most marginal cultivated land was seeded to perennial forages. Where individuals who were audited were found to be not in compliance with their lease agreements, land utilization agreements were prepared to ensure that Crown agricultural land is managed in accordance with proper land use practices that are consistent with the lease agreement. The lease utilization agreement allows the lessee to formally recognize the required management changes required to bring the contract holders into compliance with the Act and Regulations. This ensures that an adequate level of resource protection occurs and that any contract or administrative abuse is managed to achieve a high level of compliance.

Road Construction Policy

The Road Construction Policy was amended to allow the transfer of land required for the widening of registered roadways at no cost to municipalities. The former policy required the transfer at a minimum of \$100 per acre or market value.

Treaty Land Entitlement (TLE)

SAF experienced an active year in the TLE area. During fiscal year 1997-98, 129,394 acres of Crown agricultural land was made available for sale to First Nations bands participating in the TLE process and sale transfers were completed on 31,678 acres. In total, as of March 1998, 192,745 acres has been made available and 55,067 acres have been sold.

The selection of Crown agricultural land under the Treaty Land Entitlement process has resulted in the sale of the Bapaume Community Pasture to the Witchehan First Nation. The sale proceeded as 75 per cent of pasture patrons have agreed, and a five-year co-management program will be part of the agreement to facilitate the land transfer. The federal, provincial and band tripartite agreement will see the province operate the pasture as a community pasture for five years as part of the interests recognized by the band and patrons.

Environmental Clause for Petroleum and Gas Surface Leasing

Petroleum and gas surface lease contracts issued by the department are now done in consultation with Saskatchewan Environment and Resource Management (SERM). Special emphasis is placed on environmental considerations designed to protect wildlife habitat and ensure long term biodiversity of Crown agricultural lands. In practice, each agreement now includes selected environmental protection clauses that have been developed following extensive consultation with the oil and gas industry and SERM. Importantly, the industry has agreed to, and actively supports, a specific set of environmental guidelines that are included in the lease agreement. This ensures broad industry acceptance for these requirements and provides a level playing field whereby all industry participants in all parts of the province are familiar with the same set of considerations. Requirements are regionally administered to ensure local applicability and reflect special needs for unique areas or endangered habitats.

Restoration of the land is a major requirement and wildlife and agricultural values must be addressed in any restoration activity. Sites are inspected to ensure compliance with environmental considerations.

Saskatchewan Pastures Program (SPP)

The SPP offers supplementary grazing on an equitable basis to all Saskatchewan livestock producers. The SPP manages 54 provincial cattle and two sheep community pastures, comprising 804,000 acres of land. In 1997, 2,500 individual livestock producers had 70,000 adult cattle, 54,400 calves, 3,962 ewes, with 2,960 lambs and 840 horses and colts grazing during the summer. In addition, wintering programs handled 630 bulls for the whole season, 1,350 cows until just before calving time and 300 calves until March.

Goal 5.

A regulating environment that enables growth through high quality products, food safety, environmental protection and market access.

The conduct of all economic activity requires a set of rules that protects the interests not only of those directly involved in the activity, but those people who use the product and also those potentially affected by the activity. Without these rules, the economic activity itself would simply not be sustainable. SAF seeks to find simple and effective rules, and ones that manage impacts and maintain market access, for the purpose of generating growth and diversity in agri-food industries.

Intensive Livestock Operations Development

The department issued 60 approvals representing \$82.6 million dollars in capital cost in 1997-98.

The Agricultural Operations Program has been promoted to 2,500 people at 40 public meetings, conferences and trade shows.

The department generated international interest in manure odour control methods through the presentation of papers at National and International conferences.

Livestock Services Revolving Fund

Within the auspices of the Livestock Services Revolving Fund, the department carries out a number of activities:

- Provided livestock inspection services for 40 auction markets, 16 feedlots, one major packing plant, six abattoirs, as well as Rural Municipality Administrators, the Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA), the Saskatchewan Highway Traffic Board and the Royal Canadian Mounted Police (RCMP).
- Inspected 1,518,959 animals on 160,066 manifests. This data was entered into the Livestock Information Management System, along with 112,350 animals on 6,700 manifests that went to Alberta.
- Provided documentation of livestock movement on 52,784 permits and entered the data.

INDUSTRY SNAPSHOT

In 1997, Saskatchewan produced 81 per cent of the country's durum and 48 per cent of the country's total wheat production.

- Conducted 348 computer system searches for 1,060 head of missing livestock.
- Collected livestock inspection fees, cattle marketing deductions (check-off) and penalties for marketing animals with horns.
- Renewed 4,051 four-year livestock brands, issued 665 new four-year brands and 265 lifetime brands and transferred 198 brands. Maintained the provincial brand registry of 19,290 registered brands.
- Issued 386 Livestock Dealer and Agent Licences and validated the dealer bonds.
- Completed voluntary agreements with 26 uninspected abattoirs that submit manifests for livestock delivered for slaughter.
- Established a two person Investigations Unit to be operated out of Saskatoon Rural Service Center and Regina Head Office.
- Obtained two marked vehicles for patrol and enforcement work in the investigative unit.
- Obtained training for 15 brand inspectors through the RCMP's training academy in conjunction with SSPCA and thereby enhanced working relations with SSPCA.
- Worked with Saskatchewan Wheat Pool, Live stock Division, on promotional endeavours to educate stakeholders and producers on regulations relating to livestock.
- Developed presentations for delivery by field inspectors and the investigation unit on branding, manifests, permits and investigation packages.
- Hired two women inspectors for field inspection and data entry as part of our commitment to employment equity.
- Investigations Unit has established ongoing quarterly meetings with Alberta brand inspectors in an effort to exchange information on movement of cattle from province to province as well as any illegal activity that is identified.
- Established a working relationship with North Dakota Stockman's Association brand inspectors for over-the-border exchange of information and liaison with border authorities.

INDUSTRY SNAPSHOT

Saskatchewan's bison herd grew to 12,000 head in 1997, nearly double the size of the 1996 herd.

Game Farm Program

The department has carried out a number of activities resulting from the Game Farm Program.

- Issued 498 game farm operator, merchandiser and processor licences.
- Maintained a database for inventory of game farm animals and distributed 9,516 ear tags to the game farm industry. These records minimize the potential for:
 - a) the illegal harvest of Crown wildlife to stock game farms;
 - b) the spread of disease through interaction between farm-raised stock and native wildlife populations; and
 - c) the competition for habitat by escaped farm-raised stock and native wildlife populations.
- Provided regulatory support to 31 fur farms by licensing and inspecting farm facilities and ensuring proper animal welfare of farmed species.
- Issued 34 poultry licences.
- Inspection of 88 game farms, ensuring proper facilities are in place, ear tags, transportation and import permits are in order as well as herd inventories.
- Conducted a tour of Alberta, British Columbia and Yukon reindeer farms with the provincial nutrition specialist to establish recommended practices on reindeer farming regarding nutrition, herd health and handling of this species.
- Staff developed a factsheet on game farm issues and distributed it throughout the department.

Game Farm Regulations

Game Farm Regulations are being updated to resolve concerns related to the potential impact of game farming on native wildlife.

Veterinary Diagnostic Services

A business and strategic plan for the new veterinary diagnostic service was completed in 1997. The steering committee consisting of two representatives

from SAF and one from the Western College of Veterinary Medicine (WCVM) and a consultant from Western Management Consultants in Saskatoon worked on the plan. The plan was presented to SAF and the University for approval.

In 1997-98, SAF provided fee-for-service veterinary diagnostic services to the Saskatchewan livestock industry, veterinarians and the public. Veterinary diagnostic services support the development of livestock operations by providing timely service and advice on samples submitted to the diagnostic laboratories by veterinarians and livestock producers. A grant of \$450,000 was provided to WCVM to provide these services to the northern part of the province. The Provincial Veterinary Laboratory (PVL) provides diagnostic services to the southern part of the province.

There were 12,304 cases and 78,274 samples received at the PVL in Regina from January 1, 1997 until December 31, 1997. Case numbers have remained the same as calendar year 1996 but samples have decreased dramatically since Brucella testing is no longer required for export of cattle to the United States after April 1997.

The PVL is working with Industry Development Branch and the Provincial Health Laboratory on a collaborative survey of food pathogens in public health inspected meat processing plants. This project is providing an opportunity for the PVL to use DNA-based techniques such as Polymerase Chain Reaction (PCR) in identifying food pathogens. It also provides an opportunity for PVL staff to learn PCR techniques.

Animal Protection

SAF provided an increase of \$50,000 in 1997-98 to the Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA) to cover the increased cost of enforcing *The Animal Protection Act*. The SSPCA received a total of \$100,000 in 1997-98 to enforce the Act.

SAF also covered the cost of training peace officers who are authorized by the Minister to enforce *The Animal Protection Act*.

Beekkeeping Initiatives

SAF assisted beekeepers in testing for varroa mite infestations and began entering data on a GIS system to identify the location of infestations.

The department operated the Bee Laboratory in Prince Albert for the diagnosis of bee samples (1,400 in 1997-98) for tracheal mite infestations.

Staff assisted the beekeeping industry in establishing custom pollination contracts for hybrid canola and specialty crop production.

Dairy Laboratory

The dairy laboratory processed milk samples for composition and quality. The results of the composition testing were used by the Milk Control Board and dairy processors to purchase milk from producers. The quality results were used to monitor raw milk quality and regulatory compliance under *The Animal Products Act*. The Milk Control Board was invoiced \$2.00 per sample for 25,000 milk samples received between January 1 and December 31, 1997.

SAF provided inspection and licensing of dairy operations. The dairy laboratory is also responsible for finished milk composition and quality testing for Saskatchewan Health.

These regulatory services ensure human health and safety.

SAF worked with goat producers to develop industry standards for milk production and on-farm quality assurance programs as required by a new goat milk processing plant being built north of Saskatoon.

SAF provided expertise to the National Dairy Code Best Management Practices Committee to develop the manual that dairy farmers will use for on-farm Hazard Analysis Critical Control Point Program (HACCP).

Pest Control

SAF staff undertook a number of actions regarding pest control and regulation:

- Implementation of the pesticide service licensing requirement of *The Pest Control Products Regulations*. A total of 122 service licences were issued.

INDUSTRY SNAPSHOT

Between 1992 and 1997, dry pea acreage increased 329 per cent from 350,000 to 1.5 million acres.

- Revision of *The Pest Control Product Regulations* to require mandatory drift insurance for aerial pesticide applicators.
- Completed monitoring of fall 1997 pre-harvest applications of Roundup herbicide and the preparation of the final report.
- Issued pesticide vendor licences.
- The Pesticide Investigator investigated 43 public complaints related to the improper or misuse of pesticides.

Crop Protection Laboratory

SAF's Crop Protection Laboratory diagnosed 688 submissions in 1997-98. The type of inspection requested and the number of tests carried out in each category were: weed – 65; insect – 40; plant disease – 223; Dutch elm disease – 309; and herbicide resistance screening – 51.

Small Abattoir Quality Control

SAF, in collaboration with Saskatchewan Health and the Saskatchewan Meat Processors Association, is developing a Hazard Analysis Critical Control Point (HACCP) based quality assurance program for small abattoirs and processors serving local markets around the province. This initiative will establish quality assurance programs that address market access and regulatory issues.

On-Farm Quality Control

SAF began the development of an *On-Farm Quality Assurance Act*. This program will support the development of a national/provincial HACCP based farm sector quality assurance program by establishing licensing terms and conditions and performing audits. Government support of quality assurance programs is a very significant issue that enhances Saskatchewan's efforts to expand our agricultural exports and promote value-added activities.

INDUSTRY SNAPSHOT

Saskatoon berry acreage increased 129 per cent from 175 to 400 acres from 1992 to 1997.

Hog Industry HACCP Initiative

SAF has been working with the Canada Pork Council in the development and introduction of an on-farm HACCP based quality assurance program across Canada. The program focuses on enhancing food safety, product quality and production integrity. It will be the first HACCP-based on farm program to be implemented on a national basis.

Legislative Services

Legislative amendments were completed for *The Noxious Weeds Act*, *The Stray Animals Act*, *The Animal Products Act*, and *The Cattle Marketing Deductions Act*. Two new acts, *The On-Farm Quality Assurance Programs Act* and *The Pastures Act* were passed in 1997-98.

Regulatory Reform

Administrative Services Branch and Policy and Program Development Branch continue to co-lead SAF's activities regarding the government-wide Regulatory Reform Initiative. The activities of the Department Regulatory Reform Team for 1997-98 includes:

- Six regulations reviewed with industry.
- Fifteen regulation reviews were initiated.
- Nine regulations were repealed.
- Three new regulations were implemented.

The 1998-99 Regulatory Reform Work Plan was developed by the program managers.

Marketing and Development Flexibility

The passage of the Agri-Food Amendment Act on May 22, 1997, allowed the Government of Saskatchewan to amend regulations without producer plebiscites, when circumstances warrant. The changes give the Government of Saskatchewan greater flexibility in adjusting marketing and development systems when opportunities arise for industry growth.

Goal 6.

Effective management of business risks, with the agri-food industry responding to market signals about what to produce.

Achievement of this goal will require a multi-levelled strategy. With susceptibility to drought, supply-demand factors, and erratic international policies affecting our markets, effective farm safety nets play a key role in SAF programs. Programs like Crop Insurance and NISA (Net Income Stabilization Account) provide some security for farm families to invest in their farm business. Risk will always present a challenge for all parts of the agri-food industry. The department will seek to support efforts by the industry to manage these risks.

Saskatchewan Crop Insurance

Crop insurance protection against production loss is an important cornerstone of the farm safety net package. Saskatchewan contributed \$93,355,693 for administration and program costs in 1997-98 as its share under the federal-provincial funding agreement.

Reduced Premiums:

Over the past several years, a concentrated effort has been made to respond to continued requests from producers to simplify the crop insurance program and to reduce premiums. One of the most significant steps was the decision by the federal and provincial governments to reduce the program debt from a combined total of \$425 million, at the end of the 1995 crop year, to only \$90 million of federal debt outstanding at the start of the 1997 crop year. As important, was the change in cost-sharing whereby the governments paid 80 per cent of the premium at 50 per cent coverage and 40 per cent of the incremental premium for higher coverage levels. In aggregate, producers paid approximately 45 per cent of total premiums in 1997 versus 50 per cent in 1996.

As a result of the changes, the average premium rate paid by producers for each \$1 of protection at the 70 per cent coverage level, decreased by 23 per cent. Combined with all other factors, including changes in crop mix, the average premium paid by producers decreased from \$2,276 in 1996 to \$1,570 in 1997, a 31 per cent decrease. At the same time the actual coverage that the average producer received for that smaller premium increased from \$42,496 to \$43,700.

Program Participation:

The 1997 crop year saw the number of acres covered by crop insurance increase by eight per cent from 18,710,584 to 20,150,204. Approximately 59 per cent of the seeded acreage in Saskatchewan was protected by the crop insurance program. Total number of customers in 1997 was 36,031, down from 38,099 the previous year.

Total net premiums for multi-peril yield-loss insurance for the 1997 crop year from producers and by the Governments of Canada and Saskatchewan were \$141,930,893. Payments on 12,122 claims totalled \$48,399,241. This was the fifth year in which a surplus was generated for the fund since the major payouts in 1992-93, although 1993-94 was only slightly better than break-even.

The hail insurance program is an add-on feature to the basic crops program in crop insurance. In the 1997 crop year, claims on 1,354,377 acres for hail damage resulted in payments of \$32,684,413. Premiums collected for the hail insurance fund from producers and government totalled \$42,256,051.

Big Game Damage Compensation Program:

In this co-operative program by producers, hunters and government to address the problems caused by financial loss from crop damage \$6,412,426 was paid out in the 1997 crop year. There are no premiums and coverage is available to all farmers in Saskatchewan, whether or not they are enrolled in the crop insurance program.

Waterfowl Damage Compensation Program:

In the 1997 crop year, \$4,361,668 was paid for 1,077 claims for migratory waterfowl damage. Again, there are no premiums and coverage is available to all farmers in Saskatchewan, whether or not they are enrolled in the crop insurance program.

Diversification:

In 1997, the Saskatchewan Crop Insurance Corporation (SCIC) began monitoring the development of 18 non-traditional crops on over 12,000 acres. Some of the crops included fenugreek, coriander, alfalfa seed,

INDUSTRY SNAPSHOT

There were 288 food processors in Saskatchewan in 1997, an increase of over 100% from 1991 when there were 143 firms. Food processors employ over 6,000 people in Saskatchewan.

borage, chickpeas, and dry beans. The data collected will be used to set up risk management programs for new crops not covered by traditional crop insurance.

Global Positioning Systems (GPS):

In 1997, SCIC conducted a pilot project to assess the viability of utilizing GPS in adjusting procedures. Five crews of adjusters and auditors worked on the project from June 1 to November 30, 1997. Over 290,000 acres were measured over the course of the project. When tested against legal survey monuments, the average deviation was 56 cm. On a quarter section basis this is equivalent to 0.4 acres or a 0.3 per cent error.

Net Income Stabilization Account (NISA)

NISA, the second cornerstone of the farm safety net package, is designed to provide a mechanism for producers to save during good times for lower income periods in the future with contributions that are matched by governments. Saskatchewan contributed \$41,295,168 in the 1997-98 fiscal year to the tripartite program.

Participation:

As of March 31, 1997, Saskatchewan had 55,226 participants in the NISA program, approximately the same as the previous year's participation.

Amount on Deposit:

The account balance for Saskatchewan producers at March 31, 1998, totalled over \$1.011 billion, an increase of 17 per cent over the previous year. The average individual account balance was \$18,313 – which represent about 20 to 25 per cent of the annual sales of the farm. Participants in the program produce over 90 per cent of the eligible commodities in the province.

INDUSTRY SNAPSHOT

Saskatchewan's processed food shipments increased 32 per cent between 1993 and 1997, the highest growth rate of all provinces.

NISA Interim Withdrawal Mechanism

A SAF staff member served as the provincial representative on the National NISA Committee. In conjunction with other members of the National NISA Committee, the department provided recommendations on the procedure for producers to be able to make an interim withdrawal from their NISA account and provided direction on other NISA policy issues. The Saskatchewan representative also served on the NISA Appeals Sub-Committee that heard and made rulings on producer appeals.

Farm Input Studies

In conjunction with other provinces and the federal government, SAF commissioned studies regarding the market structure and the impact of market structure on agricultural input prices for the energy, herbicide/pesticide, fertilizer and farm machinery sectors. The results of these studies were presented at the 1998 annual federal/provincial agriculture Ministers' meeting.

Goal 7.

Identification of new business opportunities in the agri-food industry.

This goal is a critical one in an agriculture and food economy where opportunities continue to multiply. SAF will play a substantial role in working with industry not only to identify the opportunity, but also to assess and determine industry feasibility and develop appropriate strategies.

National Agri-Food Development

Saskatchewan played a lead role in 1997 as chair of the National Association of Agri-Food Supervisory Agencies (NAASA). The mandate of this body is to assist the agri-food industry by sharing information, providing direction and supporting an environment that promotes its development and prosperity. NAASA provides an important forum for representa-

tives of provincial governments to develop priorities and strategies improving the performance of national marketing and development agencies.

International Business Development Strategy

SAF has adopted an International Business Development Strategy to identify opportunities in international business development where it can undertake activities including co-ordinating and fostering external partnerships that will make an important contribution to the value-added potential and the development of new markets for Saskatchewan agri-business. The department will continue to develop activities, co-ordinate efforts and implement evaluation indicators.

Food Industry Development Centre

SAF has partnered with the University of Saskatchewan and the Saskatchewan Food Processors Association in forming the Saskatchewan Food Industry Development Centre. The department has played a pivotal role in securing capital, hiring staff, and establishing the Board of Directors and defining the role of the Food Centre. The Centre will be a leader in the development and growth of the Saskatchewan food industry by:

- Co-ordinating new and existing services to the food industry.
- Providing industry with technical and marketing support and information.
- Offering companies a place to carry out product development activities.
- Enabling small and medium size food companies access to a resource centre designed to meet their needs.

Hog Industry Investment Strategy

SAF hired a Quebec consultant to assist in the identification of potential investors in Saskatchewan. These investors include both producers and suppliers. The consultant accompanied the individuals on tours of the province and assisted in ongoing follow-up. Several suppliers of construction materials and equipment have expressed a strong desire to expand their businesses to Saskatchewan.

Saskatchewan Nutraceutical Network

SAF had an integral role in the establishment of the Saskatchewan Nutraceutical Network, obtaining start-

up funding and hiring the President. The Agri-Food Innovation Fund (AFIF) approved \$1 million dollars of funding to the Network, including \$200,000 for a Research and Development Program and \$135,000 for a Market Awareness and Public Promotion Program. The goal of the network is to establish Saskatchewan as a leader in the development of the nutraceutical and functional food industry in Canada.

Quality Assurance Program

SAF developed and secured \$600,000 in funding through AFIF for a Quality Assurance Program. The program focuses on providing quality assurance information, manuals, training and accreditation to assist producers and processors in the development and implementation of quality assurance or HACCP programs for their operation. Exports are vital to the growth of the agri-food industry in Saskatchewan and quality is becoming a key element in accessing and maintaining trade opportunities. This program will further Saskatchewan's ability to successfully compete and obtain new markets.

Broiler Chicken Industry Business Development

SAF, in partnership with the chicken production and processing industry, formed the Broiler Chicken Industry Committee. This committee is focused on the development of the chicken industry through the development of a strategic plan incorporating increased efficiency and co-operation. The commitment to a co-operative approach to development provided the Saskatchewan industry with a base on which to build and successfully develop a KFC market outside of Saskatchewan. This was significant as it represented the first business outside of the province with this customer. It is expected that interprovincial business will continue to consolidate their purchases from fewer processors. The effort leading to this successful contract may serve as a template for further business.

Specialty Livestock Industry Business Development

The specialty livestock industry is an important element in the growth of the diversification of agriculture in our province. The department, in partnership with industry, is involved in the development of a comprehensive strategy to support the development of this industry. Information, market-

INDUSTRY SNAPSHOT

Rural-based companies account for 59 per cent of the total number of Saskatchewan food processors. Almost three-quarters (72 per cent) are located outside of Saskatoon and Regina.

ing, strategic alliances, processing and funding are key elements that will ensure the sustainability of this industry.

Organic Industry Strategic Plan

SAF's staff are working with the organic industry in the development of a strategic plan for the expansion of their industry and the development of National Organic standards.

Panamanian Alliance

SAF participated in a Panama mission, which met with senior Panamanian Ministry of Agriculture officials and developed a work plan for identifying commercially beneficial agriculture projects of mutual interest. This process helped develop a closer relationship for a number of Saskatchewan companies working towards closing commercial contracts in Panama.

Bison Feedlot Study

A bison feedlot business plan and feasibility study was completed through a co-operative effort between students from the University of Saskatchewan's College of Commerce and a group of producers. SAF provided funding for the project (\$2,000) as well as coordination and technical expertise.

Dry-land Seed Potato Cost of Production Study

SAF led an effort to produce a cost of production study on seed potatoes grown on dry land.

Producer Associations Developed

SAF continues to assist producers regarding the formation of producer associations. In 1997-98, this included:

- Saskatchewan Caribou/Reindeer Association.
- Saskatchewan Llama Association.
- Saskatchewan Mustard Growers Association.

INDUSTRY SNAPSHOT

Sales of Saskatchewan agricultural biotech products increased by nearly 350 per cent from 1994 to 1997.

Alfalfa Seed Producers' Development Commission

The Alfalfa Seed Producers' Development Commission was established on July 23, 1997. The new commission is mandated to administer a refundable producer check-off for the purpose of research and development of the alfalfa and leaf cutting bee industry.

Organizational Development Assistance

SAF provided planning and facilitative support to the following industry groups to assist their organizational development: the Saskatchewan Canola Growers Association, Agriculture in the Classroom, the Prairie Oats Growers Association and the Saskatchewan Wetlands Corporation.

Goal 8.

Provincial, national and international policies that promote growth, diversification and adding value to the Saskatchewan agri-food industry.

Much of the success of Saskatchewan farm businesses and food industries depends in a major way upon policies beyond Saskatchewan borders. Many are national policies and many are international policies. For an industry so reliant upon export markets, it is imperative for SAF to pursue the interests of Saskatchewan agri-food industry in decision making processes concerning these policies, whether the topic is market access, export subsidies, sanitary and phyto-sanitary (food safety and quality) measures, or transportation policy.

Transportation

SAF commissioned three studies on railway competition:

- a) Provisions for Joint Running Rights in the *Canada Transportation Act*: Why They Have Not Been Extensively Used, October 1997 (prepared by Travacon Research Limited).

- b) Revisiting the Right-of-Way: A Cross Sector Study of the Network Industries as a Context for the Common User Rail Plant Concept, March 1998 (prepared by Prolog Canada Inc.).
- c) Competitive access provisions of the *Transportation Act* and the Grain Industry, March 1998 (prepared by Travacon Research Limited).

Copies of the studies were shared with farm organizations, other provinces and the federal government in an effort to further discussions surrounding transportation issues.

Estey Submission

In conjunction with the Department of Highways and Transportation and officials from other provinces, staff from the department prepared the Western Provincial Submission to the federal Grain Handling and Transportation Review (Phase 1) headed by Justice Estey.

Safety Nets

The federal and provincial governments are undertaking analysis and discussions surrounding the appropriate federal/provincial framework for the post 1999-2000 period. Members of the Policy and Program Development Branch participated in the Federal/Provincial Safety Net Review process. This process will continue throughout 1998-99.

Canadian Wheat Board (CWB)

SAF provided input into the on-going discussions and debate concerning the future of the CWB. The department provided support for the Minister's presentations to the federal House of Commons Standing Committee on Agriculture and Agri-Food and the Senate Standing Committee on Agriculture and Forestry hearings concerning Bill C-4, an Act to amend the *Canadian Wheat Board Act*.

Grain Quality Issues

SAF provided input to the Canadian Grain Commission and the CWB on a number of grain quality issues including proposals to eliminate end-user certificates in Canada, the barley cleanliness issue after deer excreta resulted in Japan rejecting two shiploads of barley, and the pilot project for US use of the Canadian grain handling system.

Grain Visions Performance Indicators Committee

SAF represented the province on the Grain Visions Performance Indicators working committee that was struck to provide the measurement criteria for evaluating Western Canada's grain handling and transportation system's performance.

Hog Marketing

SAF participated in discussions with hog industry stakeholders to determine how best to provide alternative marketing options to hog producers. These consultations led to an announcement by the Minister of Agriculture and Food that the SPI marketing monopoly would be changed to optional marketing.

Broiler Chicken Expansion

SAF and the broiler chicken industry worked in cooperation to review the options to expand and rationalize the industry for the future. The discussions led to a request for a substantial increase in the provincial quota from the national agency.

National Cattle Check-Off

The department participated in extensive consultations with the cattle industry to arrive at an industry consensus on Saskatchewan support for a national cattle check-off.

Crown Land Policy Development

Crown land policy development included reviewing allocation, renewal and sales policies; standards and fees for oil and gas development, agroforestry initiatives; conservation easement pilot and land use planning.

Provincial Game Farm Development

SAF and Saskatchewan Environment and Resource Management led an extensive process to develop a provincial policy for game farming. This included production of a consultation document, meeting with stakeholder groups, processing completed questionnaires, gaining approval for a revised policy framework, and production of a policy brochure.

Agricultural Environmental Issues

SAF provided analysis and acted as primary contact for environmental initiatives impacting agricultural

INDUSTRY SNAPSHOT

Saskatchewan produced nearly 90 per cent of Canada's canary seed crop in 1997.

lands or resource use including: biodiversity conservation, wildlife, forestry, waterfowl, agroforestry, Prairie Conservation Action Plan, air quality, Representative Areas Network, water quality, conservation easements, energy conservation, riparian area management, waste management, contaminated site liability and endangered species.

Provincial Water Management Strategy

SAF provided input into a provincial water management strategy.

Sustainable Agriculture Initiatives

SAF represented Saskatchewan on the Prairie Coordinating Committee for Environmentally Sustainable Agriculture, and assisted in the development of programming under a federal-provincial Memorandum of Understanding for soil and water conservation in the province.

Goal 9.

Client satisfaction through friendly and effective customer service.

SAF serves an industry that has a great impact on the provincial economy and the customer base is broad and diverse. No organization can achieve its mandate without paying close attention to its customer needs and building positive and trusting relationships with all those served. Department employees play a key role in meeting this goal for the organization. The test of any organization is how well it serves its customers and its willingness to look for feedback to continually improve.

Employee Survey – Customer Service Action Team

Customer service and quality of service were one of four key areas to be addressed that emerged from the employee survey that was completed by staff in the summer of 1997. Eleven staff volunteers formed an Action Team to study the customer and quality issues facing the department.

INDUSTRY SNAPSHOT

Over 75 per cent of Canada's total mustard crop was produced in Saskatchewan in 1997.

The Action Team made a series of recommendations under the four mandate areas it had been asked to address:

- 1) Employee's perception of customer's/client's assessment of quality;
- 2) Insistence of high quality work;
- 3) Quality/Quantity trade-offs; and
- 4) Partnerships.

The recommendations ranged from identification of client needs and analysis of current levels of customer service, to establishment of customer service standards and training programs for service delivery, streamlining of services to maximize effectiveness of scarce resources and the development of partnerships to add value to our products and services.

The Action Team recognized the kind of processes and preparations that would be required to implement many of its recommendations and presented time-tables which could be used to guide activities in the short-, medium-, and long-term.

The recommendations of the Action Team were passed on to a senior management committee and the Employee Survey Implementation Committee for review and action.

Customer Survey

SAF completed a telephone survey of 45 farmers in the Assiniboia district, during November and December 1997, to gather feedback and learn how to improve client service. The survey indicated that although low commodity prices and high input costs were a concern, little change in farming practices was planned. Information from the survey was used to guide program planning.

Focus Group Response

Focus groups are a good method to gauge customer needs in specific areas. During 1997-98, the department held focus meetings in many locations including Gull Lake, Indian Head and Moose Jaw to gather additional information and feedback on SAF's Exten-

sion Services and programming. Producers participated enthusiastically, providing some new ideas, but for the most part confirming programming directions. The Unity Marketing Club also served as a focus group (12 producers) for farm business management activities.

Goal 10.

A responsible and accountable organization with knowledge, skills, information and authority to perform with excellence.

Three ingredients should never be separated in any decision-making process. These are responsibility, authority and accountability. SAF will strive to create a working environment where all employees have clear responsibilities, have the authority to meet their responsibilities and are held accountable for their decisions. At the same time, the department must strive to ensure that employees have the knowledge, skills, and information to carry out their responsibilities.

Employee Survey

SAF undertook a survey of its 1,100 staff members in June 1997 to assess the organizational culture against the business needs of the organization. The survey had a 74 per cent response rate. Department Direction, Employee-Management Relations, Corporate Values and Customer/Quality Service Action Teams were formed to make recommendations on the implementation of a number of organizational improvements based on the results of the survey. Subsequently, an Employee Survey Implementation Committee and senior management sub-committees were established to review and act on these recommendations.

Learning Policy

A new Learning Policy was developed for the department and offered to SCIC and ACS for adaptation and use. One of the most important provisions in the policy is a commitment to more proactive and strategic learning. This will be accomplished by developing and maintaining individual learning plans that will eventually be integrated into the work planning process. Relevant information will be gathered using a form that is compatible with the Intranet Personnel System (IPS). Then, any new learning undertaken by

an employee will automatically be entered into IPS by branch co-ordinators. Employees and supervisors can then utilize this database to review learning needs and develop learning plans.

Diversity Initiatives

SAF supported government-wide diversity initiatives through the delivery of four anti-racism/discrimination and anti-sexual harassment workshops and implemented a plan for further delivery.

Union Management Committee

SAF co-ordinated support to the Union Management Committee (UMC) and provided leadership in developing an annual work plan for the Committee.

Employment Equity

SAF also co-ordinated support to the Employment Equity Committee by developing a strategic document for the delivery of the program in the department and for raising awareness and commitment to the program.

In 1997, the joint union-management committee at SCIC developed an equity plan, which subsequently received approval from the Saskatchewan Human Rights Commission. SCIC identified itself as an employment equity employer for all positions advertised externally and the application form was modified to allow candidates to self-declare. The corporation then began formally networking with organizations representing women, aboriginal people, people with disabilities and visible minorities.

Core Competencies

A committee of senior managers within SAF, SCIC and ACS developed 13 management core competencies and established benchmarks or targets for managers.

A total of 118 managers participated in an assessment process and received feedback in the form of Personal Profiles that managers and their supervisors can use for a variety of purposes which include, but is not limited to, learning, training and development,

INDUSTRY SNAPSHOT

Saskatchewan farm machinery manufacturers report sales of \$599 million in 1997, up from \$250 million in 1991. Employment in this sector doubled between 1991 and 1997. Currently, there are 5,632 people in Saskatchewan employed in agricultural machinery manufacturing.

staffing and performance management.

Ergonomics Initiative

SAF co-ordinated the implementation of an ergonomic initiative. A training program was developed and presented to 32 staff members who, in turn, facilitated information sessions to all department staff as well as SCIC and ACS.

The department also supported an ergonomic initiative through the Occupational Health and Safety Council by having all work stations assessed and all new employees receive an assessment of their station when oriented to the workplace.

Staff Training

Seventy-two per cent of the staff at SAF spent 2,399 days at over 1,222 learning events in 1997-98.

Learning events undertaken by SCIC and ACS employees and courses without registration fees were not included in these calculations.

This represents an average of 6.4 training days or 3.5 learning events attended per SAF employee.

Precision Farming Training

Selected staff continued to develop their specialties in precision farming (PF) by attending a selection of training events including:

- Landwise PF course offered by SIAST,
- Western Canada PF Workshop in Edmonton,
- PF Seminar at Melfort,
- Saskatchewan Soil Conservation Association's PF seminar, and
- Meeting and tour with University of Saskatchewan and AAFC researchers involved with ADF and AFIF funded PF research projects.

INDUSTRY SNAPSHOT

In 1997, value of farm capital in Saskatchewan rose by seven per cent over the previous year to \$32.62 billion. The average value of land and buildings increased to \$340 per acre.

Geographic Information Systems Unit

The Geographic Information Systems Unit (GIS) was established in SAF in 1997-98. The mandate of the unit is to provide leadership and co-ordination for the graphic data interpretation initiative in the department.

Computers Supplied to Pasture Managers

SAF continues to provide its staff with up-to-date tools to do the job. To that end, computers have been supplied to 32 pasture managers. September 19, 1997 marked the completion of computer training for the 32 pasture managers. Seventeen managers have already completed all their livestock entry information into the Crown Land Management System (CLMS).

Microsoft Office 97 Initiative

After careful evaluation, the department selected the Microsoft Office 97 software suite for all department staff (SAF, ACS, SCIC). This change involved the replacement of Word Perfect by Microsoft Word 97 which allowed the department to benefit from improved communications through standard, compatible software on every desktop. Staff also ensured that the Outlook 97 E-mail package was available to staff across the province.

Goal 11.

Responsible financial management and administration based upon strategic priority setting.

SAF will use its financial resources in the most responsible way possible to achieve the strategic priorities of the organization in serving the agri-food industry. This means effective planning, linked closely to the budgeting and expenditure process, with accountability for all expenditures.

Business Planning and Decisions

SAF undertook a study of the process of information technology and management investment decision-making. Subsequently, the decision was made to incorporate information management planning into the overall Department planning system and incorporate investment decisions into the regular budgeting processes of the Department.

A new Information Management Strategic Business Plan was drafted as a result of the Initiative. An Information Management Operational Business Plan will be undertaken in the 1998-99 fiscal year.

Data Management

The Data Management project developed a data directory and a needs assessment for data sharing in SAF. The project has initiated the delivery of smaller databases through the new SAFnet system as a means to increasing the accessibility to the data. A new action team was created to develop approaches to accessing data in larger database systems which will deal with common data identifiers, security issues and examine the costs of integration and standardization of software for database development.

New System for Publications Distribution

SAF has restructured the distribution of publications to clients in order to enhance services. The distribution of publications has been transferred to an off-site location where enhanced resources provide improved response time in filling requests for materials, improved inventory management and reduced mail costs through bulk mailing rates.

Library of Scanned Images

SAF initiated a project to develop a library of scanned images for use by the department in the production of print materials and presentations.

Procedures Manuals Initiative

SAF staff have researched and developed a discussion paper focusing on the need for SAF to develop appropriate policy/procedure manuals in the department. A departmental project plan was developed, with implementation commencing in the summer of 1998.

Financial Services

SAF processes numerous expenditure and revenue transactions in any given year. During the 1997-98 fiscal year, 45,000 expenditure transactions were processed totalling \$203.8 million and revenue deposits totalled \$45.9 million. The department maintained a 90 per cent expenditure timeliness of payment rate.

Purchasing Review

A report of the review of the internal processes used to order goods and services for the department programs, including recommendations for changes to purchasing procedures, is under review for implementation of the recommendations. The department is developing an implementation strategy to decentralize the purchasing functions under the Local Purchase Order delegation to the program level. Consideration for the implementation of the departmental use of Purchase Cards will also be reviewed for implementation.

Crown Lands Management System (CLMS) Facilitation

The CLMS was reviewed to better accommodate financial management concerns and to improve financial reporting of Crown land management. This project will have an impact on SAF by improving control (authority accuracy, checks and consistency), improving decision-making (forecasting, reporting abilities, money transfer), and by better policy development.

A CLMS priority team has been put into place to identify priorities and monitor system changes. From this group, five people have also formed a working group to detail and document CLMS requirements. An organization chart was developed for a clear understanding of reporting and co-ordination for the project. A three-year CLMS plan is currently being developed to assist in future planning and budgeting for the system. Three Lands Branch staff members have been reassigned (80 per cent) to testing of the system enhancements.

New Petroleum and Gas Fee Schedule

SAF and Saskatchewan Environment and Resource Management (SERM) passed regulations to imple-

INDUSTRY SNAPSHOT

Saskatchewan farm bankruptcy numbers for 1997 dropped by 44 per cent to 76 from the previous five year average of 136.

ment a new fee schedule for petroleum and gas activity on Crown land. These new fees use private market settlements as their base. The new regulations also included more stringent requirements for restoration and an increase in compensation to agricultural lessees.

Automated procedures were implemented, which notify petroleum and gas lessees of revised rentals 90 days in advance of each three-year rent review period. This process allows companies to modify their accounts payable system and reduces the number of adjustments which have to be made if notifications are not done on such a timely basis. The 90-day notice also allows an opportunity for any issues surrounding particular leases to be resolved before the actual billing of the annual rent.

The Saskatchewan Pastures Act

The Saskatchewan Pastures Program (SPP) is currently administered under the auspices of two Acts, *The Agricultural Development and Adjustment Act* and *The Department of Agriculture Act*, and one set of regulations, the Conservation and Development Revolving Fund, which are contained within *The Department of Agriculture Act*.

A few administrative and policy changes to the SPP in recent years have caused some provisions of the Acts to become outdated. Similarly, the department would like to implement programs that would enhance the SPP. It is imperative to ensure that all SPP activities are adequately defined by legislation. Various efficiencies for government and the public are served by consolidating all legislation and regulations pertaining to the Saskatchewan Pastures Program within one act. *The Saskatchewan Pastures Act* has been passed by the Legislature. It is ready for proclamation upon completion of the Regulations. This Act gives authority to pass detailed regulations governing the operations and to set policy regarding fees. Consultations are in progress regarding regulations and policy.

INDUSTRY SNAPSHOT

Saskatchewan has over 150 specialty crop processing facilities which generate approximately 1,000 jobs, 600 of which are full-time.

Community Pasture Revolving Fund

The fourth year of the revolving fund ended on March 31, 1998. The revolving fund allows for greater flexibility in pasture operations and client service. It has improved administrative services to patrons and has generated a net revenue surplus (profit) for the third year in a row. Total revenue for 1997-98 is \$5,520,110 up from \$5,289,917 in 1996-97 and up from \$4,829,405 in 1994-95. Net accumulated surplus is \$257,406, down from \$750,734. A payment of \$50,754 was made to the General Revenue Fund, as required by the revolving fund when the Net Revenue Surplus exceeds \$700,000. The surplus has allowed for additional expenditure on grazing and forage improvements and capital purchases of equipment.

Capital expenditures of \$844,392 were made during 1997-98 for the SPP. Projects include:

- Corrals completed at Hatherleigh and underway at Garrick.
- Facilities completed for backgrounding calves at Old Wives.
- Wintering facilities improved at McDonald Creek and in progress at Grainland and Hatherleigh.
- Completed house move from Mortlach to Makota Pasture.
- Haying equipment purchase at Grainland, a new tractor at Pathlow, trailers at some pastures and windmills for Millie and Val Jean.

An irrigation project is being analysed for 400 acres at Grainland.

Cost Sharing Initiatives

SAF led the development of a cost-sharing agreement between the Department and Saskatchewan Economic and Co-operative Development whereby SAF provides E-mail and Internet services to ECD staff resulting in cost savings for both Departments.

Additional cost-sharing discussions were initiated with Intergovernmental and Aboriginal Affairs and SaskWater.

Financial Records

As well as the overall records of SAF, the department maintained the financial records of the Horned Cattle Fund, Cattle Marketing Deductions Fund, Agri-Food Innovation Fund, Beef Development Fund and two revolving funds: the Livestock Services Fund and the Conservation and Development (Community Pastures) Fund.

Goal 12.

Industry awareness of SAF's direction, goals, policies and programs.

The best product or service in the marketplace is no use to anyone, if it is not understood by its potential consumers. SAF and its products and services are no different. SAF operates in a marketplace that needs to understand this organization, and what it does, if the department is to make an effective contribution. This is true for the broader role and policies of the department and for the program and services targeted at specific customer groups. Achieving this goal is a key factor in fulfilling our contribution to the province's agriculture and food sector and to the economy as a whole.

Public Awareness

The Minister, Deputy Minister and staff have numerous speaking engagements and presentations at industry events to ensure the policies, programs and services of the department are highlighted.

News announcements, press conferences and individual interviews are used extensively to explain new initiatives and directions.

Staff attendance at annual meetings of farm organizations and industry groups are used extensively to promote the partnership role of the department, particularly in industry development.

Membership on various agencies and institutions that serve agriculture is a key tool to promote the working relationships that can maximize the department's contribution to the industry.

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Publications

SAF's monthly Agri-View is distributed 11 times a year as an insert in the Western Producer to over 50,000 Saskatchewan subscribers, focusing on recent happenings and initiatives and outlining government policy.

AgBits is produced 104 times a year. The bi-weekly production highlights current news items of interest and a calendar of upcoming events and has a per-issue distribution of about 800 to MLAs, media, government departments and the public.

The Farm and Food Report is produced 52 times a year. It is a collection of five agriculture and food related stories which is distributed to all provincial media on a weekly basis.

The Saskatchewan Agriculture and Food Annual Report is distributed to industry organizations to highlight the official record of the department's activities.

The department publishes numerous brochures and pamphlets on many different aspects of the agriculture and food industry.

Internet Publications: Both AgBits and the Farm and Food Report are available on our SAF Internet site and Agri-View is up next for placement.

Strategic Communications Plan

SAF annually prepares a strategic communications planning process to ensure it uses a well planned, co-ordinated approach to communications activities associated with the various department functions.

Trade Shows

Staff take part in a number of community activities to promote SAF. They set up the SAF booths at trade fairs including The Canadian Western Agribition, Farm Progress Show, Prairie Ventures, and local fairs throughout the province.

Staff managed SAF's information booth at the 1997-98 Crop Production Show, Saskatchewan's premier outlook and crop planning gathering, which was attended by 15,000 farmers.

INDUSTRY SNAPSHOT

In 1997, Saskatchewan Farm Cash Receipts for livestock were up 15 per cent over the previous year to \$1.2 billion.

Internet/Intranet Development

SAF has established an Internet/Intranet unit with the mandate to design and develop the department's Internet/Intranet protocols for the development and implementation of technology for the distribution of information internally and externally.

Agriculture Week Promotion

SAF worked with the Saskatchewan Institute of Agrologists and the Saskatchewan Weekly Newspaper Association to promote Agriculture Week and agriculture awareness.

Agricultural Awareness

Saskatchewan co-chaired the federal-provincial committee on Agricultural Awareness and co-ordinates provincial activities for agri-food celebrations annually.

Matador Pasture Celebration

Matador Pasture was the site of a 75th Anniversary, attended by 150 people, of operation as a community pasture. The pasture was the first in Canada and unique in the world. Local ranchers requested use of the pasture for local grazing when the US based Matador Land and Cattle Company lease expired. The Matador Pasture served as a model for the PFRA system of pastures that were established in the drought years of the '30s. The establishment of community pastures assisted local farmers to diversify their operations and expand the livestock industry in the area.

Century Family Farm Awards

SAF processed 40 applications for the Century Family Farm Awards and verified 21 applications eligible for the award, bringing to 337 the number of awards presented since the program was introduced in 1981.

Saskatchewan Agriculture and Food

1997-98 Financial Schedules

Financial Schedules (1997-98)

Saskatchewan Agriculture and Food Schedule of Revenue and Expense

	1997-98 Estimates \$000s	1997-98 Actual \$000s	Variance over(under) \$000s	Notes
Revenue				
Land Revenue:				
Crown Land Sales	4,040	5,955	1,915	1
Rent and Penalty on Land Leases	24,258	22,102	(2,156)	2
Interest	1,025	882	(143)	3
Royalties on Sand and Gravel	44	38	(6)	
Transfers from Federal Government	14,262	12,883	(1,379)	4
Transfers from Other Funds	-	51	51	5
Privileges, Licenses and Permits	509	559	50	6
Sales, Services and Fees	488 532 44 7			
Other Revenue	1	871	870	8
Refund of Previous Year Expenditures	280	2,018	1,738	9
Total Revenue	44,907	45,891	984	

Expense

Administration	3,530	3,211	(319)	10
Accommodation and Central Services	2,807	2,637	(170)	11
Agriculture Industry Assistance				
Grants for General Agricultural Interests	2,273	6,415	4,142	12
Farm Land Leaseback Compensation	250	55	(195)	13
Prairie Agricultural Machinery Institute	768	768	-	
AgWest Biotechnology	1,100	1,087	(13)	
Subtotal	4,391	8,325	3,934	

Financial Schedules 1997-98

Saskatchewan Agriculture and Food Schedule of Revenue and Expense

	1997-98 Estimates \$000s	1997-98 Actual \$000s	Variance over(under) \$000s	Notes
Land Management				
Land Management Services	2,615	2,588	(27)	14
Losses on Sale of Land	600	258	(342)	15
Land Revenue Bad Debt Allowance	1,422	-	(1,422)	16
Conservation and Development Revolving Fund (Community Pastures Program)	-	1,259	1,259	17
Subtotal	4,637	4,105	(532)	
Livestock and Veterinary Operations				
Program Operations	2,518	3,466	948	18
Livestock Services Revolving Fund	-	(391)	(391)	19
Subtotal	2,518	3,075	557	
Policy and Planning				
Policy and Program Development	1,176	1,403	227	20
Statistics	555	664	109	21
Communications	1,279	1,301	22	22
Subtotal	3,010	3,368	358	
Agriculture Development				
Industry Development	1,427	1,099	(328)	23
Sustainable Production	1,925	1,954	29	24
Extension Services	6,414	6,727	313	25
Pork Central	1,100	636	(464)	26
Agri-Food Equity Fund				
- Investment Management	1,200	278	(922)	27
- Investment Financing	2,388	282	(2,106)	28
Subtotal	14,454	10,976	(3,478)	

Financial Schedules (1997-98)

Saskatchewan Agriculture and Food Schedule of Revenue and Expense

	1997-98 Estimates \$000s	1997-98 Actual \$000s	Variance over(under) \$000s	Notes
Agriculture Research				
Research Project Coordination	661	672	11	
Research and Development	5,112	5,111	(1)	
Strategic Research Program	4,088	4,088	-	
Subtotal	9,861	9,871	10	
Farm Income Stability and Development				
Whole Farm Stabilization Account	38,000	41,295	3,295	29
Agricultural Credit Corp. of Saskatchewan				
Loan Management and Administration	8,392	7,900	(492)	30
Interest Subsidy	8,700	8,700	-	
Loan Losses	7,000	7,000	-	
Subtotal	24,092	23,600	(492)	
Saskatchewan Crop Insurance Corporation				
Sales, Crop Evaluation and Administration	25,600	23,409	(2,191)	31
Provincial Share of Crop Premiums	74,500	50,332	(24,168)	32
Livestock Feed Premiums	1,500	415	(1,085)	33
Waterfowl Damage	3,000	9,200	6,200	34
Operating Financing Costs	2,100	-	(2,100)	35
Big Game Damage Compensation Program	-	5,000	5,000	36
New Crops Insurance Account	-	5,000	5,000	37
Subtotal	106,700	93,356	(13,344)	
Total Expense	214,000	203,819	(10,181)	
Statutory Adjustments for Revolving Funds	868	-	(868)	38
Special Warrants	1	-	(1)	
Total Revised Estimates and Expense	214,869	203,819	(11,050)	
FTE Staff Complement (FTE – Full Time Equivalent)	629.6	595.7	(33.9)	39

Note: Totals may not add due to rounding.

Financial Schedules - Notes

Explanations of variances, which exceed \$ 20,000, between estimates and actuals.

Revenue

1. Crown Land Sales were higher than estimated due to an increase in Treaty Land Entitlement sales.
2. Lower grain prices (in the 1996-97 crop year) were reflected in the 1997-98 cultivation lease rent formula, resulting in lower revenue.
3. Interest revenue was lower as some producers have obtained private financing and paid out their land purchase loans ahead of schedule.
4. Saskatchewan Crop Insurance Corporation (SCIC) administration expense claims were lower than anticipated, reducing the Federal Government's 50 per cent cost sharing contribution.
5. In 1996-97, the Conservation and Development Revolving Fund (Community Pastures Program) realized an accumulated surplus in excess of \$700,000. In accordance with Treasury Board direction, any excess over \$700,000 is to be returned to the Department as revenue. This 1996-97 excess was recorded as department revenue in 1997-98.
6. Revenue from Land Administration Fees for new land leases and lease assignments was higher due to increased activity.
7. Brucellosis testing, previously performed by Agriculture and Agri-Food Canada, was performed by the Provincial Veterinary Lab, resulting in more revenue.
8. Interest was earned on the money that had been put into the Crop Sector Program during the 1995-96 and 1996-97 fiscal years. This interest had not been included in the budget.
9. A reduction in the Department's SCIC crop premium liability at year-end was recorded as revenue.

Expense

10. Reductions occurred in Ministerial and staff travel, staff vacancies, and lower information technology costs.
11. Postage, courier, freight and photography service costs were lower.
12. In conjunction with the Department's support for expansion of the hog industry, grants were made for hog research. Grants to the Agri-Food Innovation Fund for \$1 million and to the Prairie Swine Centre for \$3 million were not included in the budget.
13. Interest rates and wheat prices determine the amount of compensation provided under the Farm Land Leaseback program. In 1997-98 interest rates and wheat prices were favorable, which resulted in lower compensation payments. As well, fewer producers were subject to compensation as more land was purchased from lenders.
14. Savings resulted from vacant positions during the year.
15. The amount of Crown land sold at lower than book value was less than originally anticipated. This was a reflection of higher land prices and optimism in the agricultural industry in 1997-98.
16. There was no increase in the estimate of uncollectible accounts receivable.
17. The Conservation and Development Revolving Fund (Community Pastures Program) cash expenditures exceeded cash revenues, resulting in net financing as required by law. This was due to an increase in the purchase of capital expenditures which was necessary to bring equipment and facilities up to Occupational Health and Safety Standards as well as to improve the operations of the program.
18. The new Livestock and Horticultural Facilities Incentive Program (Education and Health Tax rebate) incurred administration costs which were not included in the budget.

Financial Schedules - Notes (continued)

The Production Associations Loan Guarantee program experienced unexpected loan defaults.

Upgrades to the Provincial Veterinary Lab equipment and computer equipment were not included in the budget.

19. The Livestock Services Revolving Fund cash revenues exceeded cash expenditures resulting in a net financing recovery as required by law.
20. Research contracts, Farm Support Review Committee costs and computer upgrades account for the over expenditure.
21. The Geographic Information Systems (GIS) Unit became operational in 1997-98. Computer hardware and software purchases were higher than budget. Also, the budget did not include the costs of conducting a survey of cultivation, grazing and tame hay land leases.
22. Operating costs were higher due to computer upgrades, SAF website design and Intranet development.
23. Funding allocated to the Saskatchewan Food Industry Development Centre was not disbursed because the Centre was not operational by year-end.
24. A position was transferred to this program but did not include funding.
25. Increased renovations, travel costs, computer upgrades and general operating costs resulted in the over expenditure.
26. This program was established in the 1997-98 fiscal year. As a result, not all positions had been filled by year-end.
27. The Agri-Food Equity Fund transfer to the Department did not occur until January 1, 1998. Due to the late transfer, the program was under expended.
28. The 1997-98 expenditure reflected the incremental cost to bring the total loss provision up to the minimum Treasury Board requirement of 25 per cent of investments.
29. Provincial contributions to the Net Income Stabilization Account (NISA) program were higher due to higher than expected producer eligible net sales. As well, the interest bonus was higher because of larger NISA account balances.
30. Employee resignations were greater than expected during the second year of the wind down of the Agricultural Credit Corporation of Saskatchewan (ACS).
31. Claim related administration costs were lower than budget, due to a better than average crop year.
32. Producers insured fewer acres than expected. This resulted in lower provincial crop premium contributions.
33. Reduced participation by producers resulted in lower provincial premium contributions.
34. Expenditures included a carryover of 1996 Waterfowl Crop Damage claims. An additional one-time contribution to this program was a late-year decision, and therefore was not included in the budget.
35. The Saskatchewan Crop Insurance Corporation (SCIC) was able to build its reserves because the number of crop insurance claims was relatively low. Therefore, SCIC did not require any long term or short term financing.
36. Contribution to the Big Game Damage Compensation Program was a late-year decision, and therefore was not included in the budget.
37. Contribution to the New Crops Insurance Account was a late-year decision, and therefore was not included in the budget.
38. Since Revolving Funds are given statutory authority to spend within certain limits, the actual net financing requirement (or recovery) that occurs in the year does not come out of the Department's base budget. Instead, the Department's base budget is adjusted to reflect the actual net financing required by or recovered from these programs.
39. The reduction was a result of vacant staff positions throughout the year.

FTE

39. The reduction was a result of vacant staff positions throughout the year.

Saskatchewan Legislation Administered by Saskatchewan Agriculture and Food 1997-98

*The Agricultural Credit Corporation of
Saskatchewan Act*
*The Agricultural Development and
Adjustment Act*
The Agricultural Operations Act
The Agricultural Safety Net Act
The Agricultural Societies Act
The Agri-Food Act
The Agri-Food Innovation Act
The Agrologists Act, 1994
The Animal Identification Act
The Animal Products Act
The Animal Protection Act
The Apiaries Act

The Cattle Marketing Deductions Act
The Crop Insurance Act
The Crop Payments Act

The Department of Agriculture Act
The Diseases of Animals Act
The Drainage Act

The Expropriation Act
*The Expropriation
(Rehabilitation Projects) Act*

The Farm Financial Stability Act
*The Farmers' Counselling and
Assistance Act*
The Farming Communities Land Act

The Grain Charges Limitation Act
The Grain and Fodder Conservation Act
The Horned Cattle Purchases Act
The Horticultural Societies Act

*The Land Bank Repeal and Temporary Provisions
Act*

The Leafcutting Beekeepers Registration Act
The Line Fence Act

The Livestock Facilities Tax Credit Act
The Livestock Investment Tax Credit Act
The Milk Control Act, 1992

The Noxious Weeds Act, 1984

The Pest Control Act
The Pest Control Products (Saskatchewan) Act
The Prairie Agricultural Machinery Institute Act
The Provincial Lands Act ()*

The Sale or Lease of Certain Lands Act ()*
The Saskatchewan 4-H Foundation Act
The Saskatchewan Farm Security Act ()*
The Seed Grain Advances Act
The Soil Drifting Control Act
The Stray Animals Act

The Vegetable, Fruit and Honey Sales Act
The Veterinarians Act, 1987
The Veterinary Services Act

The Wildlife Act ()*
(subject to provisions of O.C. 469/94)

(*) Joint responsibility

Appendix A

Special Purpose Funds and Agencies with Legislative Responsibility to Saskatchewan Agriculture and Food as of March 31, 1998

Year End

Special Purpose Funds (Audited Financial Statements included in this Annual Report)

Cattle Marketing Deductions Fund	March 31
Conservation and Development Revolving Fund	March 31
Horned Cattle Fund	March 31
Livestock Services Revolving Fund	March 31

Agencies (Annual Reports are published separately)

Agricultural Credit Corporation of Saskatchewan	March 31
Agricultural and Food Products Development and Marketing Council	December 31
Agri-Food Equity Fund	March 31
Agri-Food Innovation Fund.....	March 31
Beef Development Board.....	March 31
Milk Control Board	December 31
Prairie Agricultural Machinery Institute	March 31
Saskatchewan Crop Insurance Corporation	March 31
Crop Reinsurance Fund of Saskatchewan	March 31

Agencies under the Agricultural and Food Products Development and Marketing Council

Saskatchewan Alfalfa Seed Producer's Development Commission
Saskatchewan Broiler Hatching Egg Producer's Marketing Board
Saskatchewan Canola Development Commission
 Canodev Research Inc.
Saskatchewan Chicken Marketing Board
Saskatchewan Commercial Egg Producer's Marketing Board
Saskatchewan Flax Development Commission
Saskatchewan Pulse Crop Development Board
Saskatchewan Sheep Development Board
Saskatchewan Turkey Producer's Marketing Board
SPI Marketing Group (now known as Sask Pork)
 KROP Transport Ltd.
 Moose Jaw Packers (1974) Ltd.
 SPI Producer's Trust Fund

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Cattle Marketing Deductions Fund as at March 31, 1998 and the statements of revenue, expenditure and net assets, and changes in financial position for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 13, 1998

Wayne Strelloff, CA
Provincial Auditor

Cattle Marketing Deductions Fund

Statement 1

CATTLE MARKETING DEDUCTIONS FUND
BALANCE SHEET
As at March 31

	1998	1997
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Due from General Revenue Fund (Note 4)	\$1,248,532	\$1,042,676
Accounts receivable	163,987	195,745
Accrued interest receivable	15,236	7,214
	<u> </u>	<u> </u>
	\$1,427,755	\$1,245,635
	<u> </u>	<u> </u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$51,568	\$57,868
Net assets (Statement 2)	1,376,187	1,187,767
	<u> </u>	<u> </u>
	\$1,427,755	\$1,245,635
	<u> </u>	<u> </u>

(See accompanying notes to the financial statements)

Statement 2

CATTLE MARKETING DEDUCTIONS FUND STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS Year Ended March 31

	Budget 1998 <u>(Note 6)</u>	Actual 1998 <u></u>	Actual 1997 <u></u>
Revenue			
Deductions under sections 3 and 4 of The Cattle Marketing Deductions Act and Regulations	\$1,300,000	\$1,499,134	\$1,384,631
Less commissions	(50,000)	(43,663)	(40,134)
Net deductions (Note 3)	1,250,000	1,455,471	1,344,497
Interest (Note 4)	43,000	42,025	31,372
Miscellaneous revenue	—	12,161	1,305
Total revenue	1,293,000	1,509,657	1,377,174
Expenditure			
Grants (Schedule 1)	1,200,000	1,233,201	738,169
Refund of deductions	60,000	70,975	54,917
Administration (Note 4)	16,000	15,000	15,000
Advisory Committee and other expenses	5,000	2,061	2,938
Miscellaneous expense	—	—	8,139
Total expenditure	1,281,000	1,321,237	819,163
Net revenue	<u>\$12,000</u>	188,420	558,011
Net assets, beginning of year		1,187,767	629,756
Net assets, end of year - to Statement 1		<u>\$1,376,187</u>	<u>\$1,187,767</u>

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
Year Ended March 31

	1998	1997
Operating Activities:	<u> </u>	<u> </u>
Net revenue	\$188,420	\$558,011
	<u> </u>	<u> </u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	31,758	(62,079)
(Increase) decrease in accrued interest receivable	(8,022)	494
Increase (decrease) in accounts payable	(6,300)	(197,904)
	<u>17,436</u>	<u>(259,489)</u>
	<u> </u>	<u> </u>
Increase in cash position during the year	205,856	298,522
Due from General Revenue Fund, beginning of year	1,042,676	744,154
Due from General Revenue Fund, end of year	<u>\$1,248,532</u>	<u>\$1,042,676</u>
	<u> </u>	<u> </u>

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1998

1. Legislative Authority

The Cattle Marketing Deductions Fund is continued under *The Cattle Marketing Deductions Act*. The purpose of the Fund is to develop, improve and promote the cattle industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture and Food.

2. Significant Accounting Principles

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

- a) *Accrual Basis* - The financial statements are prepared on the accrual basis of accounting.
- b) *Grants* - Grants are recorded as expenses when approved and the eligibility criteria, if any, have been met by the recipient.
- c) *Financial Instruments* - Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short term maturity, the carrying values of these financial instruments approximate their fair value.

3. Deductions

Dealers purchase cattle at market prices. The dealers deduct from the purchase price \$1.00 for each head of cattle purchased. Dealers submit \$1.00 for each head of cattle purchased less a \$0.03 per head commission to the Fund.

Section 9 of *The Cattle Marketing Deductions Act* provides for the refund of deductions. Any person may claim a refund of deductions made under the Act for a calendar year by filing a claim by January 31 of the following year.

4. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan agencies related to the Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty day borrowing rate and is credited to the Fund on a quarterly basis.

The Fund paid grants to the University of Saskatchewan as noted on Schedule 1. Also, the Fund paid \$15,000 to the Livestock Services Revolving Fund for administrative expenses.

5. Commitments

At year end, the Committee had approved grants for payment in 1998/99 of \$1,039,639, in 1999/2000 of \$25,000 and in 2000/2001 of \$25,000.

6. 1997/98 Budget

The Advisory Committee approved the 1997/98 budget on January 21, 1997.

7. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of third parties, will be fully resolved.

Schedule 1

CATTLE MARKETING DEDUCTIONS FUND EXPENSES BY OBJECT Year Ended March 31

	<u>1998</u>	<u>1997</u>
<u>Personal Services</u>		
Payees under \$2,500	\$815	\$1,080
<u>Travel</u>		
Other	1,246	1,751
<u>Grants</u>		
Canadian Cattlemen's Association:		
National Beef Information Centre	750,000	450,000
Operating Expenses	185,851	110,939
University of Saskatchewan:		
Animal and Poultry Science	21,750	21,750
Veterinary Infectious Disease Organization	75,000	---
Dairy Cattle Feeding Project	60,000	---
Western Beef Development Centre	---	50,000
Canada Beef Export Federation	100,000	100,000
Saskatchewan Beef Information Centre	30,000	---
Foundation for Animal Care	5,000	---
Saskatchewan Cattle Feeders' Association	2,500	2,500
Saskatchewan Stock Growers' Association	2,500	2,500
Saskatchewan Agricultural Hall of Fame	600	480
	<u>1,233,201</u>	<u>738,169</u>
<u>Supplier Payments</u>		
Payees under \$20,000	85,975	78,163
Total	<u>\$1,321,237</u>	<u>\$819,163</u>

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Conservation and Development Revolving Fund as at March 31, 1998 and the statements of operations and accumulated operating surplus, and financing activities and accumulated net expenditure (recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
February 5, 1999

Wayne Strelloff, CA
Provincial Auditor

Conservation and Development Revolving Fund

Statement 1

CONSERVATION AND DEVELOPMENT REVOLVING FUND BALANCE SHEET As at March 31

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Accounts receivable	\$154,116	\$61,186
Inventory	405,818	248,577
	559,934	309,763
Capital assets (Note 5)	1,816,909	1,129,787
	<u>\$2,376,843</u>	<u>\$1,439,550</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$300,461	\$343,440
Unearned revenue	7,379	9,627
	307,840	353,067
Equity:		
Accumulated net expenditure (Statement 3)	1,811,597	335,749
Accumulated operating surplus (Statement 2)	257,406	750,734
	2,069,003	1,086,483
	<u>\$2,376,843</u>	<u>\$1,439,550</u>

(See accompanying notes to the financial statements)

Statement 2

CONSERVATION AND DEVELOPMENT REVOLVING FUND STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS For the Year Ended March 31

	<u>Budget</u> 1998	<u>Actual</u> 1998	<u>Actual</u> 1997
REVENUE	(Note 6)		
Grazing	\$4,697,726	\$4,660,898	\$4,694,198
Breeding	31,955	17,283	31,955
Hay	11,168	16,245	20,432
House rent	60,805	61,203	61,885
Bull wintering	240,717	278,338	239,076
Cow wintering	60,233	142,206	60,233
Seismic easement	100,504	159,005	92,212
Well site and roadway easements	51,040	53,044	64,593
Other	<u>45,852</u>	<u>131,888</u>	<u>25,333</u>
	<u>5,300,000</u>	<u>5,520,110</u>	<u>5,289,917</u>
 EXPENSES			
Salaries	2,265,264	2,352,457	2,214,795
Repairs and improvements	1,653,766	1,193,924	1,160,076
Taxes	802,280	783,270	743,226
Travel	222,509	338,596	293,365
Rental of equipment, horses and other	279,355	319,469	138,466
Seed and forage	147,700	182,047	206,635
Veterinary fees and supplies	87,819	92,904	92,918
Utilities	91,050	124,497	107,496
Small tools, equipment and supplies	438,165	241,232	234,440
Telephone	52,610	102,805	51,931
Amortization	---	157,270	85,866
Freight and postage	4,006	14,481	11,088
Decline in value of bulls not sold	---	---	1,000
Advertising and printing	5,083	11,364	6,622
Bad debt expense	---	6,804	1,946
Loss on sale of bulls	---	---	3,894
Other	<u>87,888</u>	<u>41,584</u>	<u>37,706</u>
	<u>6,137,495</u>	<u>5,962,704</u>	<u>5,391,470</u>
 Net loss from operations	(837,495)	(442,594)	(101,553)
Accumulated operating surplus, beginning of year	750,734	750,734	852,287
Transfer to General Revenue Fund (Note 4)	---	(50,734)	---
Accumulated operating surplus, end of year – to Statement 1	<u>\$(86,761)</u>	<u>\$257,406</u>	<u>\$750,734</u>

(See accompanying notes to the financial statements)

**CONSERVATION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF FINANCING ACTIVITIES AND ACCUMULATED
NET EXPENDITURE (RECOVERY)
For the Year Ended March 31**

	<u>1998</u>	<u>1997</u>
Operations:		
Net loss from operations (Statement 2)	\$442,594	\$101,553
Items not affecting working capital:		
Amortization	(157,270)	(85,866)
	<u>285,324</u>	<u>15,687</u>
Financing requirements of (recovered by) the Revolving Fund:		
Working capital changes:		
Increase (decrease) in accounts receivable	92,930	(82,451)
Increase (decrease) in inventories	157,241	(38,920)
Decrease (increase) in accounts payable	42,979	(165,574)
Decrease (increase) in unearned revenue	<u>2,248</u>	<u>(927)</u>
	295,398	(287,872)
Net capital acquisitions:		
Purchase of capital assets	844,392	689,333
Financing:		
Payment to General Revenue Fund	<u>50,734</u>	---
Total financing requirements	<u>1,190,524</u>	<u>401,461</u>
Net expenditure	1,475,848	417,148
Accumulated net expenditure (recovery), beginning of year	<u>335,749</u>	<u>(81,399)</u>
Accumulated net expenditure, end of year - to Statement 1	<u>\$1,811,597</u>	<u>\$335,749</u>

(See accompanying notes to the financial statements)

CONSERVATION AND DEVELOPMENT REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1998

1. Authority and Definition

The Conservation and Development Revolving Fund was established pursuant to Section 16 of *The Department of Agriculture Act*. In 1994-95, the Revolving Fund was reactivated to facilitate the management and administration of the Community Pasture Program previously operated by the Department of Agriculture and Food.

2. Significant Accounting Principles

The financial statements are prepared in accordance with generally accepted accounting principles. The following principles are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) includes the following:

- i) the net cash expenditure (recovery) for each fiscal year; and
- ii) the lower of net book value or fair market value of assets acquired (disposed of) at no charge from (to) another government agency.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory consists of livestock, repair parts, livestock feed, minerals and fencing supplies.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of all capital assets is charged to operations using the straight line method at the following rates:

Fencing and corrals	10%
Water sites	5%
Buildings	5%
Equipment	10%
Office equipment	25%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

e) Unearned Revenue

Unearned revenue consists of grazing revenue that will be earned in future periods. These amounts are included in income when the revenue is earned.

3. Authorized Financing

Subsection 16(11) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 1859/83 established a maximum accumulated net expenditure of \$10,000,000.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 16(5) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Conservation and Development Revolving Fund shall be \$700,000. Treasury Board has also specified that if at the end of the fiscal year the accumulated surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	<u>1998</u>		<u>1997</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Fencing and corrals	\$520,881	\$81,120	\$439,761	\$237,229
Water sites	358,991	29,548	329,443	147,299
Equipment	948,509	164,379	784,130	558,721
Buildings	249,520	19,724	229,796	139,264
Office equipment	<u>54,019</u>	<u>20,240</u>	<u>33,779</u>	<u>47,274</u>
Total	<u>\$2,131,920</u>	<u>\$315,011</u>	<u>\$1,816,909</u>	<u>\$1,129,787</u>

6. Budget

Treasury Board approves the Revolving Fund's budget annually.

7. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Revolving Fund purchased utility and communication services of \$209,057 (1997 - \$149,181) from SaskPower, SaskEnergy and SaskTel and purchased vehicle rentals, insurance and supplies of \$234,710 (1997 - \$193,693) from Saskatchewan Property Management Corporation and Saskatchewan Government Insurance. These transactions are in the normal course of operations and are recorded at the standard rates charged by these corporations.

The Revolving Fund paid employee benefits of \$120,721 (1997 - \$115,093) to Public Service Superannuation

Fund, Public Employees Superannuation Fund, Public Employees Disability Income Fund and Public Employees Group Life Insurance Fund.

The Revolving Fund receives use of Crown land, office space and administrative services from the Department without charge. In addition, the Revolving Fund pays Education and Health tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

As at March 31, 1998, \$26,916 (1997 - \$21,406) was due to Government agencies as a result of the transactions referred to above.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Reported in Public Accounts

The net (expenditure) recovery of the Revolving Fund reported in the Public Accounts is the net (loss) income of the Revolving Fund adjusted for the following differences between the Revolving Fund and the General Revenue Fund:

	<u>1998</u>	<u>1997</u>
Net loss from operations	\$(442,594)	\$(101,553)
Payment to General Revenue Fund	(50,734)	---
(Increase) decrease in inventory balance recorded by the Revolving Fund	(157,241)	38,920
(Increase) in net capital assets recorded by the Revolving Fund	(687,122)	(603,467)
Livestock sales recorded by General Revenue Fund	14,953	45,106
Timing differences in recording revenue/payments	<u>63,582</u>	<u>(16,696)</u>
Net (expenditure) recovery reported in the Public Accounts	<u>\$(1,259,156)</u>	<u>\$(637,690)</u>

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables are \$187,652 at March 31, 1998 with an allowance for doubtful accounts of \$33,536. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest-bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Horned Cattle Fund as at March 31, 1998 and the statements of revenue, expenses and net assets, and changes in financial position for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 15, 1998

Wayne Strelieff, CA
Provincial Auditor

Horned Cattle Fund

Statement 1

HORNED CATTLE FUND BALANCE SHEET As at March 31

	<u>1998</u>	<u>1997</u>
ASSETS		
Current Assets:		
Due from General Revenue Fund (Note 4)	\$153,868	\$223,823
Accounts receivable	112,286	101,769
Accrued interest receivable	<u>1,783</u>	<u>2,924</u>
	<u>\$267,937</u>	<u>\$328,516</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$10,117	\$36,607
Net assets (Statement 2)	<u>257,820</u>	<u>291,909</u>
	<u>\$267,937</u>	<u>\$328,516</u>

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
Year Ended March 31

	Budget 1998 (Note 8)	Actual 1998	Actual 1997
Revenue			
Deductions under Section 3 and 4 of <i>The Horned Cattle Purchases Act</i>	\$193,000	\$201,485	\$196,771
Less commission	<u>(3,000)</u>	<u>(3,385)</u>	<u>(3,340)</u>
Net deductions (Note 3)	190,000	198,100	193,431
Cattle Sales			
Pathlow Beef Research Project	---	---	143,210
Swift Current Forage Project	100,000	139,059	95,804
Western Beef Development Centre	220,000	370,186	---
Interest (Note 4)	15,000	6,103	9,419
Miscellaneous revenue	---	<u>935</u>	<u>5,534</u>
Total revenue	<u>525,000</u>	<u>714,383</u>	<u>447,398</u>
Expenses			
Grants	160,500	129,500	68,398
Operating costs (Note 7)			
Pathlow Beef Research	---	95,981	165,567
Swift Current Forage Project	135,000	135,162	102,512
Western Beef Development Centre	200,000	370,187	---
Administration charge (Note 4)	15,000	15,000	15,000
Advisory Committee expenses	<u>4,500</u>	<u>2,642</u>	<u>3,498</u>
Total expenses (Schedule 1)	<u>515,000</u>	<u>748,472</u>	<u>354,975</u>
Net revenue (expenses)	<u>\$10,000</u>	(34,089)	92,423
Net assets, beginning of year	-----	<u>291,909</u>	<u>199,486</u>
Net assets, end of year - to Statement 1		<u>\$257,820</u>	<u>\$291,909</u>

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
Year Ended March 31

	<u>1998</u>	<u>1997</u>
Operating Activities:		
Net revenue (expenses)	\$(34,089)	\$92,423
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(10,517)	38,444
(Increase) decrease in accrued interest receivable	1,141	---
(Decrease) in accounts payable	(26,490)	(123,105)
	<u>(35,866)</u>	<u>(84,661)</u>
Increase (decrease) in cash position during the year	(69,955)	7,762
Due from General Revenue Fund, beginning of year	<u>223,823</u>	<u>216,061</u>
Due from General Revenue Fund, end of year	<u>\$153,868</u>	<u>\$223,823</u>

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1998

1. Legislative Authority

The Horned Cattle Fund is continued under *The Horned Cattle Purchases Act*. The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture and Food.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

- a) Accrual Basis of Accounting - The financial statements are prepared on the accrual basis of accounting.
- b) Grants - Grants are recorded as expenses when approved and the eligibility criteria, if any, have been met by the recipient.
- c) Cattle - Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle are expensed when purchased. The estimated realizable value of the cattle herd at year end is \$400,301 (1997 - \$533,010).
- d) Financial Instruments - Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, their carrying value approximates their fair value.

3. Deductions

Dealers purchase cattle with horns at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers pay the vendors market price less \$2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers submit \$2.00 for each head of cattle less a \$0.03 per head commission to the Fund.

4. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan Crown agencies related to the Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty day borrowing rate and is credited to the Fund on a quarterly basis.

The Fund paid grants to the University of Saskatchewan as noted on Schedule 1. Also, the Fund paid \$15,000 to the Livestock Services Revolving Fund for administrative expenses.

5. Projects

The Pathlow Project was an agreement with Agriculture Canada, which expired on May 31, 1997. Under this agreement, Agriculture Canada operated a beef cow-calf management operation at the Melfort Research Station. Upon termination of the project, all assets were returned to the Horned Cattle Fund.

The Swift Current Project is an agreement with Agriculture Canada, effective from November 1, 1993 to October 31, 1998. Under this agreement, Agriculture Canada carries out beef forage research on cattle at the Swift Current

Research Station. Upon termination of the contract, \$30,000 will be returned to the Fund and the remaining assets will revert to Agriculture Canada.

The Minister of Agriculture and Food entered into an agreement with the Western Beef Development Centre (WBDC) on December 1, 1996 effective to November 30, 2001. The agreement provides the Fund will loan cattle that were previously at the Pathlow Project to WBDC for research purposes. At the conclusion of the agreement, all funds remaining in the account are to be returned to the Fund.

6. Commitments

At year end, the Fund had approved grants for payment in 1998/99 of \$115,925 and in 1999/2000 of \$1,000.

7. Research Project Expenditures by Activity

	<u>Pathlow Research Project</u>		<u>Swift Current Project</u>		<u>Western Beef Development Centre</u>	
	1998	1997	1998	1997	1998	1997
Trucking and Travel	\$5,239	\$2,407	\$---	\$9	\$9,383	\$---
Corral Cleaning	14,030	13,193	---	---	---	---
Feed Supplements	161	32,364	---	---	85,326	---
Chemicals & Seed	---	9,173	---	---	---	---
Veterinary Services and Supplies	5,898	10,187	5,525	1,321	5,201	---
Research Project	---	10,201	---	---	174,355	---
Fertilizer	---	6,560	---	---	---	---
Salaries	19,956	66,924	26,523	35,674	32,874	---
Purchases of Cattle	---	---	84,020	52,923	63,048	---
Administration	2,423	4,243	16,301	9,626	---	---
Miscellaneous	8,578	10,315	2,793	2,959	---	---
Severance and Career Assistance	<u>39,696</u>	---	---	---	---	---
	<u>\$95,981</u>	<u>\$165,567</u>	<u>\$135,162</u>	<u>\$102,512</u>	<u>\$370,187</u>	<u>\$---</u>

8. 1997/98 Budget

The Advisory Committee approved the 1997/98 budget on January 23, 1997.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

10. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of third parties, will be fully resolved.

Schedule 1

HORNE D CATTLE FUND DETAILED LIST OF EXPENSES For the Year Ended March 31

	<u>1998</u>	<u>1997</u>
Personal Services:		
E. Birkedal	\$---	\$8,550
K. Letkeman	21,849	---
T. Olson	3,610	5,176
Unionized staff	39,696	66,924
Payees under \$2,500	<u>2,210</u>	<u>1,675</u>
	<u>67,365</u>	<u>102,325</u>
Travel:		
Other	<u>1,396</u>	<u>1,823</u>
Grants:		
University of Saskatchewan:		
Thyroid Study	\$---	\$4,398
Western College of Veterinary Medicine	31,500	31,500
Veterinary Infections Disease Organization	35,000	---
Centre of Agriculture Medicine	8,000	8,000
Canadian Western Agribition Association	---	15,000
Saskatoon Prairieland Exhibition Corporation	---	4,500
Canada Beef Export Federation	50,000	---
Foundation of Animal Care	<u>5,000</u>	<u>5,000</u>
	<u>129,500</u>	<u>68,398</u>
Supplier Payments:		
Heartland Livestock Services	137,356	52,457
Melfort Agricultural Society	---	25,000
Payees under \$20,000	<u>412,855</u>	<u>104,972</u>
	<u>550,211</u>	<u>182,429</u>
	<u>\$748,472</u>	<u>\$354,975</u>

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Livestock Services Revolving Fund as at March 31, 1998 and the statements of operations and accumulated operating surplus, and financing activities and accumulated net expenditure (recovery) for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
October 16, 1998

Wayne Strelloff, CA
Provincial Auditor

Livestock Services Revolving Fund

Statement 1

**LIVESTOCK SERVICES REVOLVING FUND
BALANCE SHEET
As at March 31**

	<u>1998</u>	<u>1997</u>
ASSETS		
Accounts receivable and prepaid expenses	\$251,657	\$277,277
Inventory	40,281	---
Capital assets (Note 5)	<u>97,959</u>	<u>3,731</u>
	<u>\$389,897</u>	<u>\$281,008</u>
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	<u>\$165,586</u>	<u>\$119,126</u>
Equity:		
Accumulated net (recovery)/expenditure (Statement 3)	(519,741)	(259,803)
Accumulated operating surplus (Statement 2)	<u>744,052</u>	<u>421,685</u>
	<u>224,311</u>	<u>161,882</u>
	<u>\$389,897</u>	<u>\$281,008</u>

(See accompanying notes to the financial statements)

Statement 2

LIVESTOCK SERVICES REVOLVING FUND STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS Period Ended March 31

	Budget <u>1998</u> (Note 6)	Actual <u>1998</u>	Actual <u>1997</u>
REVENUE			
Livestock inspection fees	\$1,911,000	\$2,278,642	\$1,755,037
Less commissions	---	<u>44,124</u>	<u>33,996</u>
Net inspection fees	1,911,000	2,234,518	1,721,041
Registered livestock brands	175,000	172,550	150,100
Livestock dealer licences	37,500	38,600	36,721
Administration Fees	---	30,000	---
Other revenue	<u>875</u>	<u>713</u>	<u>460</u>
	<u>2,124,375</u>	<u>2,476,381</u>	<u>1,908,322</u>
EXPENSES			
Salaries and benefits	1,602,749	1,676,924	1,186,295
Travel	170,411	218,236	132,421
Stationery & printed forms	57,218	93,958	55,536
Telephone	68,725	68,535	54,624
Advertising & printing	4,735	9,252	14,930
Training & general consulting	25,640	12,727	11,260
Uniforms and dry cleaning	8,970	11,261	8,121
Computer software and supplies	27,230	15,565	13,525
Supplies & repairs	2,300	20,656	1,997
Amortization	---	17,614	558
Rental of office space & equipment	6,120	5,311	2,957
Other	<u>16,852</u>	<u>3,975</u>	<u>4,413</u>
	<u>1,990,950</u>	<u>2,154,014</u>	<u>1,486,637</u>
Net income from operations	<u>\$133,425</u>	322,367	421,685
Accumulated operating surplus, beginning of year		<u>421,685</u>	---
Accumulated operating surplus, end of year to Statement 1		<u>\$744,052</u>	<u>\$421,685</u>

(See accompanying notes to the financial statements)

Statement 3

LIVESTOCK SERVICES REVOLVING FUND STATEMENT OF FINANCING ACTIVITIES AND ACCUMULATED NET EXPENDITURE (RECOVERY) Period Ended March 31

	<u>1998</u>	<u>1997</u>
Financing requirements of (recovered by) the Revolving Fund:		
Net capital acquisitions:		
Purchases of capital assets	\$111,842	\$4,289
Working capital changes:		
(Decrease) increase in accounts receivable and prepaid expenses	(25,620)	277,277
Increase in inventory	40,281	---
(Increase) in accounts payable	<u>(46,460)</u>	<u>(119,126)</u>
	<u>(31,799)</u>	<u>158,151</u>
Total financing requirements	<u>80,043</u>	<u>162,440</u>
Less amount financed by operations:		
Net income from operations (Statement 2)	(322,367)	(421,685)
Items not requiring an outlay of funds:		
Amortization	<u>(17,614)</u>	<u>(558)</u>
	<u>(339,981)</u>	<u>(422,243)</u>
Net expenditure (recovery)	(259,938)	(259,803)
Accumulated net expenditure (recovery), beginning of year	<u>(259,803)</u>	---
Accumulated net expenditure (recovery), end of year -to Statement 1	<u>\$(519,741)</u>	<u>\$(259,803)</u>

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1998

1. Authority and Definition

The Livestock Services Revolving Fund was established on June 25, 1996 pursuant to Section 17.1 of *The Department of Agriculture Act*. The Revolving Fund's purpose is to operate the brand inspection program, the livestock inspection program, the livestock dealer licensing program and collection services for horned cattle and cattle marketing fees.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund includes the following:

- i) the net expenditure (recovery) for each fiscal year; and
- ii) the lower of the net book value or fair value of assets acquired (disposed of) at no charge from (to) another government agency.

c) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of all capital assets is charged to operations using the straight line method at the following rates:

Computer equipment	33.3%
Office furniture	10%
Computer software	33.3%
Office equipment	20%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 536/97 established the maximum accumulated net expenditure of the Revolving Fund at \$3,000,000.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 17.1(6) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Revolving Fund shall be \$500,000. Treasury Board has also specified that if at the end of the fiscal year, the accumulated surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	<u>1998</u>		<u>1997</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$88,924	\$15,311	\$73,613	\$2,454
Office furniture	6,730	403	6,327	1,277
Computer software	6,159	1,026	5,133	---
Office equipment	<u>14,318</u>	<u>1,432</u>	<u>12,886</u>	---
	<u>\$116,131</u>	<u>\$18,172</u>	<u>\$97,959</u>	<u>\$3,731</u>

6. Budget

Treasury Board approves the Revolving Fund's budget annually.

7. Related Party Transactions

Included in these financial statements are the following transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are as follows:

	<u>1998</u>	<u>1997</u>
Financial statement category:		
Revenues	\$30,000	\$---
Expenses	225,307	146,583
Accounts payable	19,002	13,072

The Revolving Fund received use of office space and administrative services from the Department without charge. In addition, the Revolving Fund pays Education and Health tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Recorded in Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund.

	<u>1998</u>	<u>1997</u>
Net income from operations	\$322,367	\$421,685
(Increase) in net capital assets	(94,228)	(3,731)
Timing differences in recording revenue/payments	<u>162,487</u>	<u>(124,434)</u>
Net recovery reported in the Public Accounts	<u>\$390,626</u>	<u>\$293,520</u>

9. Financial Instruments

- a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

- b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year end reducing the credit risk.

- c) Fair Value

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failures which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to current year's presentation.

