Economy & Infrastructure

There is a direct link between the economy and the infrastructure that serves it.

Of such importance is Saskatchewan's rural infrastructure, with nearly 1400 bridges and more than 170,000 kilometers of gravel roads, making up 92% of our provincial road network. The bridges are infrastructure that have been largely inherited from the province with much of it aged. Past studies have shown an immediate increase in replacement and repair work is necessary. Funding for this must come from sources beyond rural taxation.

We must remember that these are the same bridges and roads that carry the raw products that are destined for export markets. Agricultural products, lumber, resource products, and manufactured goods are all common exports.

Also evident is that more raw products need to be processed within our provincial boundaries, and certainly within our country's borders. This was recently illustrated by the supply chain issues as a result of the latest flooding on British Columbia's mainland. Canada is known as an exporting nation for raw products, but one that depends on far too many other countries for processed and manufactured goods.

That begs the question, why is this happening and what changes can be made, especially in the livestock industry? With an abundance of grain, forages, straw, and other raw products (in normal production years), Saskatchewan has the resources to house more hogs and cattle in hog barns and feedlots. Yet in our province the expansion in these sectors has been historically slow and we need to look at the reasons why.

The climate in this province is certainly conducive to livestock production, and we have the agricultural land to support it, however, we don't have any large meat packing plants, and not enough feedlots to effectively add value to our own home-grown livestock herds. Saskatchewan is home to about 40% of the national beef cow herd yet we export too many calves and feeders out of our province to be fed and processed.

The Saskatchewan Government is critical of this segment of the livestock industry's stagnation and is focusing on the Intensive livestock Operation (ILO) approval process (mainly the Discretionary Use policy that RMs have at their disposal). The criticism comes when some RMs say no to ILOs without valid reasons. In other cases, RM councils are in favour, but ratepayers are not.

For RMs to thrive they need to be autonomous; tampering with the Discretionary Use policy would be detrimental to our members. However, there are policy adjustments that would benefit RMs while also attracting, and retaining, value-adding processing and expansion in the livestock industry.

In early 2022 SARM will consult with those in the livestock industry, provincial leaders, and RM members who are interested in helping to resolve development issues, and to increase economic development in rural Saskatchewan.

Meanwhile, the provincial economy has remained relatively strong throughout the pandemic. I dare say, this is because agriculture production has stayed strong in spite of last year's drought. We should be optimistic now that we have received some meaningful snowfall amounts around the grain belt, however, we are still monitoring areas that have not received much if any snow as there are never guarantees that adequate rain will fall during the growing season.

Canadian Drought Outlook: https://agriculture.canada.ca/en/agriculture-and-environment/drought-watch-and-agroclimate/canadian-drought-outlook

It's no secret that the cost of running a farm has increased by exorbitant amounts. It's common to hear that many farm inputs (including fertilizer and chemicals which are already in short supply) have gone up by 300%. Even with higher commodity prices this will cut into the farm's profits. Some of these increased costs can be attributed to inflation, but not the entirety. Some are due to the federal government's taxation policies, including the carbon tax. This direct tax will be increased to $170/tonne by 2030. The majority of Saskatchewan producers will receive little, or none, of this back. Even the promised rebate on grain drying is not currently in place.

Another cost, which may be passed along to consumers if adopted, is a regulatory one due to the federal government Clean Fuel Standard and the Net Zero GHG emission reduction policy. It would force the Canadian oil & gas industry to fully comply and is already being felt by Canadian consumers at the pumps and grocery stores. All of these factors are playing a role in driving up inflation year over year to 4.8%, which is the highest increase since 1991.

These issues are concerning since they have already driven up costs for agriculture producers and RMs alike. Admittedly, some of the shortages were caused by recent disruptions at the Port of Vancouver, but some blame needs to be directed to the previously mentioned federal government policies.

If the Bank of Canada raises interest rates (to curb inflation) it will hurt agriculture in the sense that producers are large consumers of credit which is needed to purchase expensive farm inputs that typically aren't paid for until after harvest. Even though raising rates may have the desired effect of slowing the economy, the agriculture economy has been strong during the pandemic and has great potential to improve even more… potentially leading the country into economic recovery. Putting a damper on this sector is a mistake.

SARM recently met with the Saskatchewan federal Conservative caucus and had good discussions on several of these issues with the MPs. We plan to continue by raising our concerns to all major political parties in Ottawa. SARM will continue to strategize using Crestview Strategies as our federal lobbyist to help us prepare for the next federal budget consultation which is just around the corner.

In the meantime, stay well and I hope to see you at the March convention in Regina.

Ray Orb
SARM President.