

November 2, 2015

Honourable Lyle Stewart
Minister of Agriculture
Room 334
2405 Legislative Drive
Regina SK S4S 0B3

Dear Minister Stewart:

The purpose of this letter is to express our concern with the recently-tabled amendments to the *Saskatchewan Farm Security Act*.

As you know, we have been close to this file for some time. We understand the sentiment that appears to have led to the outcome of the online survey, but we do not believe the proposed amendments will serve the province's larger interests in the manner you wish.

We see several challenges:

- 1) **Capital investment:** Agriculture is capital-intensive and needs access to investment pools to evolve and achieve its natural potential. Do we have good estimates of the possible capital requirements of the farm and ranch sector over the next 15 years, and an understanding of what restrictions may mean?
- 2) **Attracting stable and committed investors:** An entity like the CPPIB, which has a proven track record of professional, long-term commitments, would seem to have desirable qualities as an investor, but will now be excluded from farmland. Over 700,000 Saskatchewan people are shareholders in the CPPIB, and are now about to be excluded. While CPPIB land in place is "grandfathered", we are concerned and look for your thoughts on the impact of losing out on any future investment by CPPIB may have on our province.
- 3) **The principle of limitation:** Creating a new restriction raises the question of how future demands to regulate or modify other large investors interested in farmland could anticipate being treated. Should they be concerned about possible further changes impacting their financial commitment to the province, we risk a chill on inflow of capital that could clearly be required to support the development and competitiveness of a major industry. A further concern is the signal that any additional restriction sends to investors in other sectors of the economy. It is important to invest political capital in principles that lead to good outcomes, rather than to hoard that capital and concede in the contest for public opinion.

- 4) Vertically-integrated developments: One of the greatest potential benefits of a more open situation is the capacity to attract investment that begins from the land base and extends upward into processing. This opportunity has long been a Saskatchewan vision. We are concerned about the impact on vertically integrated ag businesses who might now be unable to purchase land to service their value-added businesses, and thus the possibility of sending away jobs and growth from our rural communities.
- 5) Options for younger farmers: Renting is a common strategy among those entering farming. Over a third of land in production now is rented. Stable, non-interventionist investors would seem an ideal source of capital for new farmers to call on as they begin to establish their own operations. We do not see how will this recent move will help address the lack of equity in young farmers – seen by many to be the most significant challenge – and their respective growth plans.

We understand the loud voice represented by the consultation survey results, and we are not surprised at the outcome. We must repeat our position that to respond by closing the door on Canadian pension funds, we are moving toward a framework that risks genuine long term damage to agriculture and the investment climate in Saskatchewan.

We would hope to see a different strategy adopted – one that helps make the case for more capital, especially from reliable Canadian sources, that shows confidence in the capacity of buyers and sellers to work out mutually-desirable arrangements, and opens the gate for agriculture to move to its highest and most productive level. No economy does well by being inward-focused and insular; growth comes from trade, investment and confidence that those directly involved can solve problems better than those who impose requirements on them.

Yours truly,



Steve McLellan
Chief Executive Officer