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Canada

Trade Policy Monitoring

Changes to Government Investment in Saskatchewan

Potato Industry

2000

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Report Highlights: Saskatchewan's Crown Investments Corporation (CIC) has replaced Sask Water, a Crown Corporation, with responsibility for investment in the provincial potato industry. The transfer relates to substantial financial losses suffered last year by Sask Water's potato production and sales operations. A new company named the Saskatchewan Valley Potato Authority (SVPA), will become a wholly owned subsidiary of the investment arm of the CIC. The CIC provided a grant of C\$1.2 million to facilitate the transfer.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

The following is an update of the Saskatchewan government's involvement into the province's potato industry (see background in CA9136) :

On April 19, 2000 Sask Water's Potato Utility Development Corporation (SPUDCO) unit was transferred to the province's Crown Investments Corporation (CIC) which in turn transferred the assets to CIC's wholly owned subsidiary, CIC Industrial Interests Inc. on June 28, 2000. The new company was named the Saskatchewan Valley Potato Authority (SVPA), under the Business Corporation Act of Saskatchewan. According to recent financial statements, the CIC provided a one-time grant of C\$1.2 million to facilitate the startup of the SVPA. All of Sask Water's assets relating to potato production, storage, and marketing will be transferred to the CIC, along with contractual commitments, mortgages and short-term debt. All contracts with producers were transferred to the new company (SVPA).

Following the bankruptcy in 1999 of the Lake Diefenbaker Potato Corporation, a private company, Sask Water, the provincial crown corporation with responsibility for the province's irrigation system, suffered heavy financial losses. According to its annual report, Sask Water lost C\$9.7 million in 1999, most of which was attributable to its potato industry losses through SPUDCO. Less than \$C1.0 million was attributable to losses in its core utility and non-utility business.

In recent years, Saskatchewan's potato industry has failed to keep pace with growth rates in Alberta and Manitoba, provinces which have attracted major investment in the potato processing industry. Consequently, Saskatchewan's potato industry concentrates on the production of seed potatoes which perform well under the reduced plant disease threat related to the province's climate. In 2000, Saskatchewan's planted area to potatoes (3,800 hectares) accounted for only 2.4% of total Canadian potato plantings. This compares to Manitoba at 18% (29,100 hectares) and Alberta at 13% (20,200 hectares).

In an attempt to expand and diversify its agricultural industry, the province's Crown Investments Corporation has been given a mandate to evaluate economic growth and diversification opportunities in the province and administer loans and investments as a sponsor for the employee pension and benefits plans of the province's Crown Corporations. The CIC has identified agriculture and related sectors as a main investment target for their future investment portfolio. Over the next five years (2000-2004), CIC projects it will invest C\$260 million in the agriculture and related sector area (i.e., food and crop processing, meats, nutraceuticals, agriculture equipment manufacturing). In September 2000, the CIC invested C\$20 million in a beef processing plant in Saskatoon (see CA0134 for details).

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