

October 30, 1981

The Honourable Walter Smishek
Municipal Affairs
Urban Division & SHC
Room 302
2405 Legislative Drive
Regina, Sask. S4S 0B3

Dear Mr. Smishek,

RE: LEBRET METIS FARM TRANSFER

Southeast area met the SPS to present the proposal for the turnover of the Lebret Metis Farm to the Association of Metis and Non-Status Indians of Saskatchewan. At the meeting there were a number of concerns, firstly, we premised all the discussion with the following:

- 1) We requested an initial reactions to the proposal. We were concerned about the assumption and asked if there were other required documentation, once this information was given.
- 2) We requested that appointments of a negotiation committee
 - a) we want to know who we will negotiate with/Cabinet committees
 - b) transfer to AMNSIS is necessary immediately
 - c) amount of the transfer
- 3) We requested a time frame
 - a) SPS response was that SPS internal requirement/proposal to cabinet
 - b) Response to AMNSIS to facilitate the detailing internal requirements
- 4) Assumption
 - a) everything is still negotiable
 - b) inventory would be transferred
 - c) requirement of a transition budget

PROBLEM

- 1) The government (SPS) is shifting negotiations for the farm from AMNSIS to the co-operative.
- 2) AMNSIS needs identified the individuals which will carry the negotiations. At this time SPS will deal with the policy decision then. Agriculture must become involved, co-operatives must become involved.
- 3) For negotiations to proceed and commitments made by other government agencies we require agreement in principle that the land transfer will be recommendation, a reality.

RECOMMENDATIONS:

- a) That the government recognize that the negotiation mechanism for the transfer of the farm is AMNSIS.
- b) That the government establish a committee to identify individuals related to the farm.
- c) That the commitment in principle be made immediately for the transfer of the farm.

Yours truly,

Christopher LaFortune

Timetables

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Lebret Training Farm (Summary)

I. The Present Situation - Training and Economics

There is presently conflict between maintaining a profit-orientated farm and a training centre as follows:

1. The research work and use by other agricultural programs has not been revenue generating, efficiently utilizing farm employees, or achieving the training concept.
2. The number of employees is not balanced to the work load and lacks motivation as unionized employees.
3. Machinery and equipment are correlated to research or employee numbers rather than the needs of a farm of this size.

Present Department of Agriculture economic analysis leading to proposals to discontinue the farm are based on one analysis (Appendix A). This analysis:

1. Charges full cost on major equipment purchases as opposed to depreciating them over the life of the equipment.
2. Has an incomplete revenue picture because of livestock and feed transfers and use by other agencies or departments of government.
3. Does not recognize inventory value increases.

While this one analysis does point out the problem area of labour and associate equipment repair, it indicates the need to correct the labour problem rather than discontinue the farm.

II. The Potential as a Profit-orientated Farm

A detailed projection of the Lebret Farm (Appendix B) as a well-managed profit-orientated farm, clearly indicates the potential for a viable enterprise with present livestock and crop rotations. Purchasing appropriate sized machinery and equipment and minimizing the number of full-time employees are the only changes.

Summary:	Gross Revenue	\$462,900
	Less: Cash Costs	170,816
	Less: Depreciation	61,135
	Less: Labor	<u>162,000</u>
	Return to Management and Investment	\$ 68,949

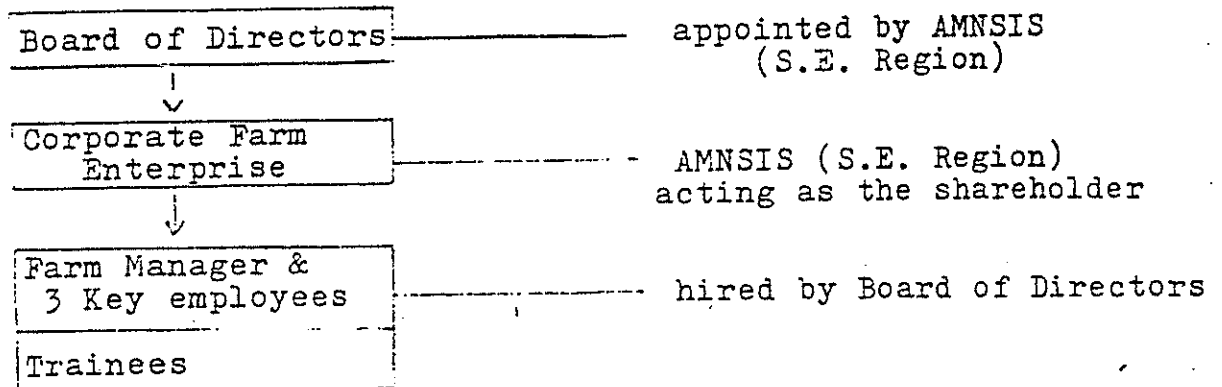
III. Proposed Transfer Arrangement

1. Administrative:

Administrative transfer from Department of Agriculture to a Board of Directors appointed by AMNSIS (S.E. Region). The seven-member board would include three from AMNSIS (S.E. Region), the farm manager, and three professional advisors (eg. agrologist, lawyer) with minimum three-year term. Objective of board to be long-term planning for the farm rather than short-term policies.

The Board of Directors to establish bylaws for a corporate farm structure, AMNSIS (S.E. Region) acting as the shareholder. The bylaws would minimally require:

- a) primary objective of establishing a profit-orientated farm
- b) expansion or diversification limited until profit position is reached.
- c) trainees to apprentice under experienced management and research personnel
- d) outside agencies to provide own funding and be subject to approval of the board of directors for use of farm facilities



2. Financial:

- a) livestock, buildings & equipment - purchased through negotiated price and loan with minimal terms of Farmstart (interest and term)
- b) operating loan - Department of Agriculture to guarantee operating loan requirements until credit is established (max.\$200,000)
- c) land - purchased at original purchase value because of historical intent as a training farm

ASSESSMENT OF ECONOMIC PERFORMANCE AND ASSOCIATED PROBLEM AREAS

The following table summarizes the major cost and revenue items at the Lebret Farm over the past eight years.

<u>Expenditures</u>		<u>PURCHASE OF EQUIPMENT</u>	<u>EQUIPMENT REPAIR</u>	<u>FEED, SEED & VET SUPPLIES</u>	<u>TRUCK & TRAILER</u>	<u>MISC.</u>	<u>TOTAL EXPENDITURE</u>	<u>TOTAL REVENUE</u>
<u>YEAR</u>	<u>LABOR</u>							
1978-79	\$ 213,287	\$ 17,097	\$ 36,747	\$ 17,877	\$ 24,160	\$ 97,271	\$ 406,439	\$ 332,091
1977-78	167,166	10,953	24,062	55,734	15,872	41,655	315,442	215,276
1976-77	152,420	4,122	16,513	107,637	15,103	115,870	330,241	256,977
1975-76	188,259	15,306	15,288	109,215	13,803	168,794	401,665	324,980
1974-75	160,168	29,428	21,195	90,124	12,126	48,718	361,758	221,920
1973-74	102,788	9,233	4,705	36,178	13,874	22,100	188,878	194,830
1972-73	106,799	8,852	16,199	31,413	9,531	26,511	199,305	157,160
1971-72	116,762	29,470	11,075	23,064	8,294	---	254,698 ***	52,200
1970-71	97,629	34,975	12,108	Not Available	17,467	---	280,976 ***	39,290
1969-70	50,590	17,700	8,900	Not Available	Not Available	---	187,303 ***	51,580
							<u>\$2,926,696</u>	<u>\$1,846,320</u>

* Miscellaneous includes utilities, taxes, livestock purchases, contractual services, etc.

** Figure in Annual Report is \$280,977 but \$24,000 of this is from Cutbank Hog Sales which resulted from close-out of the Cutbank Farm.

*** Partial figures only. Total expenditures during this 3 year period were relatively high because of extensive expansion of the livestock and, in particular, the hog enterprise facilities. The revenues generated do not show a corresponding increase because the bulk of the hog production was being directed to the provision of breeding stock for the Cutbank and Green Lake Training Farms.

TABLE 5 Grain Enterprise

- Minimum Men Required - 3 for seed and harvest
 - 1 normal

	Size	Times	Acres/Hr	Acres	Hours
Seed - Cultivator H.D.	35'	1	17.5	1,650	94
- Discer	50'	1	13.5	1,650	122
- Harrow	55'	1	30	1,650	55
Spray - Avadex - 400 gal	70'	1	25	1,530	62
- MCPA	70'	1	25	1,530	62
Harvest - 2 swathers	20'	1	11.5	1,650	72
- 2 combines	6601	1	6.0	1,650	138
- truck					80
Stone picker				1,650	20
<u>Summerfallowing</u>					
Discer in fall	30'	1	16.5	1,530	93
Discer	30'	1	16.5	300	18
Cultivator for H.D.	35'	3	17.5	200	51
Tandem Disc	16'	1	8.0	120	15
					882

Tractors

155 HP
 125 HP
 90 HP (used)

Production Barley - 1530 ac x 35 bus = 53,550 bus.
 Oats - 120 ac x 30 bus = 3,600 bus.

Labor 882 actual hours x 3 = 2,646 hours

Grain Enterprise Cash Costs

Stonepicking	\$ 154	Taxes	\$5,941
Cultivating	1,496	Crop Insurance	3,450
Seed	5,406	Bin Repairs	200
Discer seeding	1,475	Miscellaneous	750
Harrowing	459		
Avadex	10,710	Total Cash Costs =	\$39,853
MCPA	3,580	(Per Acre \$20.43)	
Spray	995		
Swathing	500		
Combining	2,558		
Trucking	725		
Discing	1,342		
Tandem discing	112		

Investment Level

Tractors	\$81,500	Depreciation	
Truck	16,000	- Equipment (15%)	\$17,333
Combines	48,000	- Buildings (5%)	<u>875</u>
Swathers	7,300		\$18,208
Discer	12,400		
Cultivator	8,800		
Tandem Disc	6,000		
Harrow	3,500		
Sprayer	2,600		
Auger	1,000		
Stonepicker	4,000		
Grain Storage	25,000		
Machine Workshop	<u>10,000</u>		

Average Investment = $\$226,100 \div 2 = \$113,000$

TABLE 6 Alfalfa-Hay Enterprise

Production - 1.5 Tons x 1,000 ac = 1,500 Tons

Labor - 679 actual hours x 3 = 2,037 hours

Haying Operation - (Minimum Men Required = 4)

2 SP Mower-Conditioners 12'	5.5 ac/hr x 1,000 ac	= 181 hours
2 balers	5.6 Tons/hr	= 268 hours
N.H. SP Bale Wagon	7 Tons/hr	= 214 hours

Operating Cost - $\$5.30/\text{Ton} \times 1500 = \$7,950$

Breaking

15' Tandem Disc 8 ac/hr x 125 ac = 16 hours

Operating Cost - $\$4.00/\text{hr} \times 16 \text{ hours} = \64.00

Seed

8 lbs. Brome/2 lbs alfalfa/ac x 125 ac
 $(8 \times .86) \times (2 \times 1.91) \times 125 = \$1,338$

Investment Level

Mower-Conditioners	\$16,600	Depreciation (15%) = \$4,785
Balers	12,700	
Bale Wagon	<u>34,500</u>	

Average Investment = $63,800 \div 2 = \$31,900$

TABLE 7 Silage Enterprise

Production

Clover - 2.4 T/ac x 120 = 288 Tons
 Oats - 2 T/ac x 10 = 20 Tons
 308 Tons

Labor

169 actual hours x 3 = 507 hours

Harvesting - (Minimum Men Required = 4)

Forage Harvester, @ 6.5 T/hr = 48 hours

High Dump Wagon,

2 trucks 2 men x 48 hours

96 hours

Windrower 20'

10 hours

TOTAL HOURS 154 hours

Silage Harvesting Operating cost

\$3.42 per ton x 308 tons = \$1,053

Breaking

15' Tandem Disc 8 ac/hr x 120 ac = 15 hours

Operating Cost

\$4.00/hour x 15 hrs = \$60.00

Clover Seed

8 lbs @ 30¢/lb x 120 acres = \$288.00

Investment Level

Forage Harvester 7,000

High Dump Wagon 6,500

Truck 16,000

(1 truck and 1 windrower from grain enterprise)

Average Investment = \$29,500 ÷ 2 = \$14,750; depreciation (15%)
 \$2,212

TABLE 8 200 Sow Farrow-Finish Hog Enterprise

- Minimum Men Required = 3

Labor - 7,000 hours

Production 200 sows x 14 = 2,800 market hogs

Investment - Sows (200) \$40,000

- Boars (14) 3,500

- Buildings 270,000

- Equipment 130,000

Average Investment =

\$200,000.00

TOTAL AVERAGE INVESTMENT = \$243,000

Feed Requirements Grain - Sows/Boars

11,375 bus.

- Market Hogs

35,760 bus.

47,135 bus.

Supplements - Sow/Boar 78,400 lbs

- Market Hogs 288,400 lbs

Cash Costs

(Home Grown Grain)

Supplements - Sow	\$11,202
- Hogs	41,338
Utilities and Machine Use	17,108
Veterinary and Medicine	4,648
Insurance	3,976
Marketing	9,184
Building and Equipment Repair	4,000
Death Loss (3% x 1/3 V.C.)	915
Operating Interest (12%)	<u>2,771</u>
	\$95,142

Depreciation - Sow and Boar -	\$5,180
- Buildings (5%)	\$6,750
- Equipment (15%)	<u>\$9,750</u>

\$21,680

TABLE 9 Cow-Calf Enterprise

- Minimum men required = 1.

Labor - 2,500 hours

Production 200 cows x 80% = 160 calves

<u>Investment</u> - Buildings \$150 x 200 = \$30,000	} average investment	\$17,000
- Equipment \$ 20 x 200 = 4,000		
- Cows \$800 x 200 = \$160,000		
- Bulls \$2,000 x 8 = <u>\$16,000</u>		

TOTAL AVERAGE INVESTMENT = \$193,000

Feed Requirements

Cows- Hay 2 Tons x 200	=	400 Tons
or		
Silage		100 Tons
Hay		360 Tons
Bulls - Hay 2.2 Tons x 8	=	18 Tons

Cash Costs

Salt, Minerals and Vitamins	\$1,400	
Bedding (Cost of baling straw) - .5 Tons	950	63 hours
Veterinary and Medicine	1,100	
Machine Use	1,084	
Building Repair	600	
Trucking, Marketing	300	
Fencing	2,000	37 hours
Death Loss (2% x average value)	2,700	
Operating Interest - 12%	<u>480</u>	
	\$10,514	

Depreciation - Cows $\frac{800 - 550}{5} \times 200$	10,000	
- Bulls $\frac{2000 - 900}{4} \times 8$	2,200	
- Buildings (5%)	750	
- Equipment (15%)	<u>300</u>	<u>\$13,250</u>

TABLE 10. Feedlot Enterprise

- Minimum Men Required = 1

Labor - 1170 hours

Production - 160 feeders x 600 lbs gain

Investment - Buildings \$100 x 160 = \$16,000 } average investment
- Equipment \$ 50 x 160 = \$8,000 } = \$12,000

Feed Requirements

Grain 3600 lbs x 160 feeders = 576,000 pounds

Silage 2250 lbs x 160 feeders = 180 Tons

Cash Costs

(Home grown grain)

Oats - 3,600 bushels, barley 9,150

Purchased grain - 3,035 bushels x 1.80 \$5,463

Bedding 700

Salt, Minerals and Vitamins 800

Vet & Medicine 960

Machinery (grinding, manure removal, etc.) 2,000

Feedlot repairs 200

Trucking and marketing 1,825

Death Loss (2% x $\frac{405 + 680}{2}$) 1,736

Operating Interest (12%) 870

\$14,554

Depreciation - Buildings (5%) \$400.00

-Equipment (15%) \$600.00

\$1,000