

# SIPA

September 2008

## A TIME TO IRRIGATE! Benefits of Irrigation Investment to Saskatchewan

*Saskatchewan  
Irrigation Projects  
Association*

The Benefits of Irrigation in Saskatchewan Project has been completed with funding and support from Agriculture & Agri-Food Canada and the Saskatchewan Ministry of Agriculture under the National Water Supply Expansion Program.



### Saskatchewan Irrigation Investments Create Benefits throughout the Province

#### Special points of interest:

- Today some 40% of the World's Food Production is produced with irrigation on 17% of the agricultural lands.
- Saskatchewan has nearly two million acres of irrigation that could be developed in all regions of the province.
- Irrigation provides an agricultural return of between \$8 and \$10 for every dollar invested in irrigation supply and equipment.

Irrigation in Saskatchewan is a sleeping mega-project. Opportunities exist to expand irrigated acreage in all regions of the province. The economic evaluation of adding nearly 600,000 acres to the existing 200,000 of provincial irrigated acres shows there can be large benefits for both farmers and the economy at large. An initial investment in regional water works of some \$3 billion dollars over a twenty year period would lead to increased returns to agriculture and create the foundation for a major expansion in Saskatchewan agricultural value added activities. Together it has been estimated these developments would increase on-farm production by \$12 billion, provincial gross domestic product by \$35 billion, household incomes by \$13 billion and employment by 326,000 person years. Beyond these measurable benefits lay numerous other gains for the rural economy, community development and water supply, tourism and the environment.



The irrigation developments evaluated were centred around Lake Diefenbaker and also included the restructuring irrigation in the southwest and smaller developments in other regions of the province.

### Lake Diefenbaker Irrigation Benefits Study

The Saskatchewan Irrigation Projects Association completed a major socio economic evaluation of the costs and benefits of irrigating 800,000 acres of agricultural lands, mainly around Lake Diefenbaker and also in other regions of Saskatchewan. The study was undertaken by Clifton Associates Ltd. of Regina, Saskatchewan working with specialists from across Western Canada\*.

The study found large benefits for agriculture, value added processing, municipal water supplies, tourism, drought proofing and the natural environment. Together these were estimated to provide the opportunity to increase employment in many Saskatchewan cities and smaller towns.



\* The Project team for the work consisted of Dr. Graham F. Parsons, Vice President, Clifton Associates Ltd. and Project Manager; Dr. Surendra Kulshreshtha, President of KAEI and Professor of Agricultural Economics at the University of Saskatchewan; Mr. Ray Pentland, President of Water Resource Consultants Inc. and specialist in hydrology and the management of Lake Diefenbaker waters; Mr. David Hill, formerly of the Alberta Irrigation Projects Association, Mr. Darrell Toma, Partner with Toma, Bouma Management Consultants and specialist in Alberta irrigation development and related value chains and rural economic development needs; Mr. Rodger McDonald, President of MR2 Consulting and specialist in municipal and industrial water systems; Mr. Greg Vogelsang, Senior Vice President, Clifton Associates Ltd. and specialist in environmental impact assessments; Mr. David Kent, Chief Engineer, Clifton Associates Ltd. and specialist in rural agri-processing and environmental licensing; Mr. Keith Schneider and Mathew Kreke, specialists in municipal financing, regional development and tourism and, Mr. Toby Thorp, Environmental Scientist, Clifton Associates Ltd.



Lake Diefenbaker Construction in the 1960s

## Saskatchewan's Massive Irrigation Development Potential

Saskatchewan has a large irrigation development potential that recent studies and investigations have suggested now approaches some 2 million acres.

The largest concentration of new irrigation acres is to be found around Lake Diefenbaker created by the construction of the Gardiner Dam on the South Saskatchewan River by the Prairie Farm Rehabilitation Administration as a response

to the decade of drought and rural agricultural and municipal collapse in the 1930s.

Other opportunities exist in other regions of the province. In the southwest converting flood irrigation to pivot irrigation could increase production. Proposals for new water storage with the Meridian and Highgate dams would provide for a further million acres of irrigation. Other smaller irrigation and effluent irriga-



tion exist throughout the province. While not all of these irrigable acres will be developed in the near future it is clear that Saskatchewan can become a major centre of North American irrigation in the 21st Century with new water supply investments.

***Saskatchewan has the potential to become one of the larger irrigated areas in North America.***

## Five Lake Diefenbaker Irrigation Infill and Expansion Projects

Five irrigation expansion and irrigation projects have been identified on both sides of Lake Diefenbaker. The projects are both to infill within existing irrigation developments and to expand beyond them, particularly on the west side of the lake. The regional water supply costs associated with these projects are anticipated to cost some \$2.9 billion over twenty years.

### Infill & Expansion Projects

- The South Saskatchewan River Irrigation District Expansion and Infill Project
- The Luck Lake Irrigation Infill and Expansion Project
- The Riverhurst Irrigation Infill and Expansion Project

### New Expansion Projects

- The Westside Irrigation
- The Qu'Appelle Irrigation

Together these projects would add between 435 to 542 thousand acres to the existing 107 thousand district and private irrigated acres in the region to create one of the larger irrigation areas in North America with an irrigation potential of nearly 650 thousand acres.



## A 40 Year Irrigation Development Scenario

The study evaluated the economic impact of adding hundreds of thousands of new irrigated acreage in all regions of the province to provide the foundation for on-farm investment in irrigation equipment and off-farm investment in value added processing activities. The off-farm building blocks for a transformation agricultural economy included both forward-linked on and off-farm value added activities. As development and investment in the region grows, crop mixes changes and incomes rise.



Feedlot Investments Supported by Irrigated Feeds

Farm Enterprises	Non-farm Enterprises
Cow-calf Production	Cattle Slaughtering & Meat Processing Plant
Small & Large Feedlots (500 to 10,000 head)	
Hog Barns	Hog Slaughtering & Meat Processing
Dairy Enterprises	Cheese Factory
Potato Storage Sheds	Potato Processing Plant
	Biofuel Production

## Some Benefits from an Irrigation Economy

### Meeting World Food Supplies—Increased Stable Returns to Farmers

Today, 40% of the World's food supply comes from irrigated lands where the productivity is commonly 3 times higher than dryland farming. The future growth of the world's population

to 9 billion by 2050 and the changing tastes and preferences towards western diets allows agriculture to plan for a more stable future. Consistent agricultural returns from irriga-

tion over dryland agriculture allow farmers to build equity, retire debt and obtain incomes that are comparable to their urban neighbours and friends.



Irrigated yields are consistently higher than dryland yields, equivalent to an additional \$270/acre.

### Agricultural Value Added Supply and Processing Opportunities

Value added processing has for too long been a distant dream in rural Saskatchewan. The frequent return of drought however is a continual threat to agri value added investments.

Today the opportunities for these value added food invest-

ments are better than ever before with the relocation of many of these facilities from water short regions of the United States and the growth in demand from an expanding Prairie and growing world population. Demand for meat products is increasingly linked to

the growth and increasing wealth of India and China. Powdered milk consumption in China trebled between 2002 and 2007. 400,000 irrigated acres are expected to be withdrawn from production in southern California by 2020.



### Adapting to Global Warming—Protection from Drought

Science suggests that the 20th Century may have been a relatively wet century that still contained a few droughts in most decades and the social, economic and environmental disaster of the 1930s.



Global Warming is a reality.

Scientists tell us Prairie temperatures will rise and that

droughts may become longer and more frequent. The losses from Prairie droughts already run to billions of dollars. Yet irrigation is shown to provide insurance from drought and net returns that amount to \$270/acre over a normal drought year.

### Secure Water Supplies, An Urban Playground and Irrigation Supported Wetlands

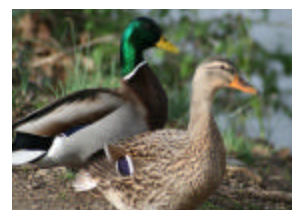
The cities of Saskatoon, Regina, Swift Current and Moose Jaw and many towns and villages rely on irrigation water storage and distribution systems. In total in 2006 some 218,000 people obtained their municipal water supplies from irrigated agriculture water systems, including Buffalo Pound, the Qu'Appelle and Saskatoon South East Water Supply systems. Many campgrounds and golf courses near Lake Diefenbaker, the South Saskatchewan River and the Qu'Appelle Rivers use these same systems. Lake Diefenbaker itself has become a major provincial destination tourism resort with thousands coming from the major cities to play on and in the Lake and to participate in the wetland wildlife as hunters, fishermen or simply wildlife observers.

### A Foundation for Sustainable Rural Futures

For many years, Saskatchewan's rural population has declined as farmers left the land. Developing a diversified irrigation economy provides a stable foundation for long term rural futures. The regional water supply investments required for the irrigation expansion are transformative in creating sustainable employment and new competitive, productive and profitable rural economic enterprise. The size of the benefits associated with a diversified agricultural economy can be seen on the ground in the irrigation economy of southern Alberta and are confirmed by cost benefit ratios as high as 16 to 1 at a 5% discount rate and steadily increasing employment and population. Beyond the economics, the related benefits of clean water supplies, drought proofing and tourism opportunities in a beautiful natural environment.

*288,000 person years of employment would be created from the five Lake Diefenbaker Irrigation Projects and a Diversified Agricultural Development Scenario.*

*With efficient water management, Lake Diefenbaker can supply the water supply needs of expanded irrigation and the multipurpose human and industrial uses of the lake.*



Wildlife Benefits in Wetlands



# SIPA

## Create a Legacy! Become Involved!

*Realising the benefits from Irrigation throughout Saskatchewan requires leaders to change the direction of development. For over half a century the potential of the Gardiner Dam and Lake Diefenbaker remains unfulfilled, while Prairie waters are developed in the neighbouring provinces of Alberta and Manitoba.*

*The Saskatchewan Irrigation Projects Association is committed to fully developing Saskatchewan's irrigation development potential both around Lake Diefenbaker and in other areas of the province. Contact us soon for either a copy of the study or for more information.*

*Roger Pederson  
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Lake Diefenbaker's Unrealized Potential

# Time to Irrigate!

The 2nd Recommendation of the 1952 Royal Commission of Inquiry into the South Saskatchewan River Project recommended that *"when the time comes that the Project represents the then best use of water for irrigation, the present finding (to reject the project) should be reviewed in the light of changing conditions.*

***That time has come!*** The world food shortage, the reduction in North American irrigated acreage in California alone, the prospect of global warming in the Prairies, more frequent and longer droughts and positive economic returns to the project suggest it is now ***Time to Irrigate!***



Today water allocated to irrigation shows positive benefits throughout the society, the economy and the environment. Benefits are identified for producers, city dwellers and for the sustainable rural diversification of a large part of the Saskatchewan economy. Irrigation has already transformed the agricultural economies of the irrigation districts of southern Alberta and Manitoba.

The future of rural Saskatchewan has been a dilemma for many. Rural folk have left as economic options were reduced. Irrigation offers a real prospect to transform the long term future of central Saskatchewan and create the diversified legacy for which the Gardiner Dam was originally built.

## Planning a Growing Future Now with Irrigation

Saskatchewan irrigation development requires a long term regional development plan and early funding to commence the transformational change that is possible. There will be barriers to development of the resource including an aging population and the need for targeted immigration and investment capital into the province, power and transportation infrastructure, irrigation research and demonstration for new cultural and water conservation practices will be required and a Region Irrigation Development Agencies will be required to manage the process over many years.

Further study and waiting for better conditions can be costly. Cost benefit ratios for irrigation expansion all increase when the work is not completed quickly. The cost inflation on Lake Diefenbaker expansion alone increased from less than \$100 million in 1952 to \$2.9 billion today is further evidence of the costs of delay. The stop and start policy framework practiced by both federal and provincial governments has itself been a barrier to sustained development of and investment in irrigation.

Long term commitments by federal, provincial and municipal governments and the many agricultural, local and environmental stakeholders will be required to plan for, and invest in a sustainable, long term and transformative future for much of rural Saskatchewan.

