

Wild Rose

News

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President's Report by **BILL DOBSON**

As I was headed down the road to Calgary yesterday on the way to the CFA April meeting, I was struggling a bit as to whether or not my time is well spent working on agricultural problems. Farmers are keen to be out in the field at this time of the year, not sitting in a room deliberating over agricultural policy issues. It is always good to spend some time "smelling the roses" and that is what I did as I rolled on down the highway. There were the usual signs of spring - some new green leaves, a greening pasture alive with newborn calves and gigantic seeding units crawling along the fields. Those were good sights, the way it should be at this time of the year. Unfortunately, there were other things happening that just didn't seem "normal". A farmer was picking up the last of the 2004 crop - a final reminder of a year that seemed to start so well and end so badly. I passed a farm auction sign with that ugly word "bankruptcy" far too dominant for my liking. The BSE crisis has claimed a few and left many with a debt that will take their lifetimes to pay off. A field of elk ambled around a meadow as they do. They seemed to be wondering where they fit into the agriculture picture.

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President's Report - Cont'd

To top it all off, I caught the weather forecast - possible snow for three days at the end of this week. We always need moisture and it makes me feel a bit less guilty about not seeding, but we need an early start so we don't get caught at the other end of the year. It is not an easy way to make a living, especially in this country of Canada where we are farming virtually on the edge of civilization. Our role as food producers is vital and we cannot be discouraged. We try hard to make a difference at Wild Rose Agricultural Producers. There are many frustrations but there are also rewards. I consider it a privilege to work for the members of our organization. It has been a busy winter and as we optimistically head into a new season we wish everyone in the agricultural community a safe and prosperous year.

BSE

When the March 7th date passed without the opening of the border it seemed that a new level of frustration was upon us. There is little doubt that the beef industry will not be the same for some time. Many speak of NAFTA challenges, lawsuits against R-CALF and lawsuits against the Canadian government while others look at opportunities to move the cattle industry in a new direction. Perhaps the new direction will help producers strengthen their grip on the sector. I appeared before the Senate Agriculture Committee on April 21 to provide some suggestions on ways that the federal government might help cattle producers in the development of co-operatively owned slaughter facilities. There are many initiatives at the planning stage that could increase slaughter capacity. It seems unfortunate that there is really no co-ordination in the development of these facilities. Many folks are investing some significant dollars in these packing plants and hopefully at the end of the day there will be viable businesses in operation that will contribute to the industry for generations to come. At a meeting at Northlands during the Farm and Ranch show one producer pretty well summed it up when he said "We are just going to have to look at this beef industry in a different way than we have for the last sixty years."

Farm Income Payment Plan

On March 29th Minister Andy Mitchell announced a \$1 Billion payment to Canadian farmers. Members of the Canadian Federation of Agriculture spent a considerable amount of time convincing the Government and Opposition Parties of the severity of the situation in agriculture. One billion dollars is a lot of money but unfortunately it gets spread very thinly when scattered throughout the entire country and across all sectors. The money will be distributed quite quickly which is good news. The method of delivery may not be perfect but we need to have alternatives if we are going to be critical on that point. There was no requirement for the provinces to participate in this program but Minister Mitchell did encourage the provinces to match with 40% but that suggestion was not appreciated by the provinces. Alberta has hinted that they may look at some other type of aid in the future but for now has offered an incentive on Spring Price Endorsement and fast forwarded 2003 CAIS payments. We will stand by to see if the Province offers up anything. I strongly encouraged Minister Horner to really try to do something significant. The Province is celebrating being 100 years old and out of debt but rural Alberta is not really feeling the joy. We are heading into an extremely difficult year by the looks of it - low prices and extremely high input costs. We have been participating in Wayne Easter's study of long term solutions to agriculture. The answers might not come fast enough for many. I read today that 1/3 of Western Canadian farmers say they have serious doubts if they will be in business five years from now.

Assured Funding Proposal

During the last month we distributed to Alberta MLA's a paper describing the need for an assured funding mechanism for general farm organizations. Producers are consistently speaking of the need for a strong voice for farmers. We will be spending some time over the next couple of months convincing individual MLA's of the value to them of having a strong farm organization as exists in other provinces. It will

President's Report - Cont'd

be a challenge but I think there is support from some members. All Wild Rose supporters can help by contacting your own MLA and expressing your support for an adequately funded farm organization. I encourage you to phone Minister Horner directly. His number is (780) 427-2137. Perhaps after a couple of thousand

phone calls he won't think we are insignificant after all! I have had some very good discussions with Minister Horner but he openly states that he feels that his department is really the voice of Alberta's farmers. I disagree. **We will have our own voice and it will be strong and it will be effective!**

2005 Alberta Rural Health Week

The fourth annual **Alberta Rural Health Week** will be celebrated **June 19 - 25, 2005**. This annual special week is the result of the collaboration of a group representing many provincial and regional rural health interests. It offers opportunities for community partners to focus attention and to raise awareness about the unique challenges and positive contributions and success stories related to rural health. Access to quality health services contributes to the quality of life for rural Albertans.

Rural health service delivery faces some unique challenges not seen in urban areas - large geographic distances, access to health services, and issues related to recruitment and retention of rural health workers. Despite its challenges, rural health care delivery has many innovations and success stories. The majority of Albertans, however, generally hear only of the success stories related to urban health care.

Planning for the 2005 Rural Health Week got under way in March and more than 30 organizations are already involved this year. A monthly teleconference, facilitated by the Alberta Rural Physician Action Plan (RPAP), is held to help organizations plan activities throughout the province.

This year's theme will build on the Alberta Centennial and relate to the **100th Anniversary of Health Care** in the province. Partnering organizations will plan activities to showcase the accomplishments of rural health care professionals and organizations over the past 100 years.

Because of the ongoing challenge of recruiting and retaining rural health professionals, last year's theme was on recruitment and activities developed reflected the "Grow Your Own" theme. To view the listing of activities developed or to read stories related to rural health care success, go to www.ruralhealthweek.ab.ca

Important Notice

Dear Wild Rose Agricultural Producers Members:

As part of an ongoing study we are looking for instances where financial institutions have turned down loans or collateral on land stating that potential energy development or environmental concerns are the reason for the loan being denied. If this has happened to you, please contact our offices. We are only looking for cases that have documentation supporting any situations like this at this time.

The Deeper Meaning- What Are the Best Management Practices?

An exert from "The Knowledge Guide"

"Wild Rose, in conjunction with Darrell Toma of Toma & Bouma Management Consultants and The Best Practice Group will deliver leading and proven concepts to help others learn and change."

Best management practices are interesting and useful ideas to consider by the agri-food industry globally just as many other industries have done. The concept of best practices can be applied to every sector of the Canadian economy, and it is equally important for the agri-food sector and farm production.

Our definition for best practices is:

"Best management practices that are based on research, but are industry-based and proven in practice, will enhance long term farm business competitiveness and sustained growth within a global economy."

Leaders Using Best Management Practices

A best practice leader in any industry is increasingly characterized by:

- ♦ Being technologically innovative with an interest in new learnings;
- ♦ Being market and customer oriented;
- ♦ Continuing to reassess internal skills and adopting new skills;
- ♦ Adapting new technology and new business processes;
- ♦ Benchmarking key indicators and applying benchmark standards across a recognized peer group;
- ♦ Employing "Lean enterprise" systems approach to the management of their businesses;
- ♦ Addressing sustainable development practices.

From research, few Canadian Studies exist on best management practices in the agri-food sector. One of the most active sectors in adopting best practices is the global manufacturing sector, which offers many novel ideas. A review of the business literature reveals that the sector is embarking on lean

manufacturing, adopting a customer focus, pursuing e-business opportunities and providing QA (quality assurance) systems.

Although there are no direct studies on agricultural best management practices, the conclusions drawn from the best practice literature can be practically applied to the agricultural sector. Leading farm business owners and managers readily embrace the concept of applying benchmarks against their own performance. The follow-up then, after the benchmark standard is applied and their relative performance is revealed, is to understand what management practices those managers are using that are yielding better performance. In other words, the question is "what are those managers with better results doing that I should be doing?" The answer(s) lie in the best practices. Within agriculture and specifically the agri-food sector, a best practice leader reflects:

- ♦ Strategic thinking - seeking to proactively forecast and use better ways to maintain competitiveness and sustain profitability;
- ♦ Technological and product innovation - developing value-added opportunities, developing methods for identity preservation, developing functional foods and nutraceuticals;
- ♦ Market driven - addressing public concerns, introducing new products like nutraceuticals and functional foods, adopting new strategies for marketing distinct products - not commodities, competing in increasingly global competitive environments;
- ♦ Risk management- understanding risk and uncertainty within the scope of weather, land/water, markets, people and legal issues;
- ♦ Reassessing skills - adapting information based agriculture, processing the increasingly technical and scientific foundation of agri-food information;
- ♦ Investing in and adapting new technology - coping with structural changes in agri-food, having an

The Deeper Meaning- What Are the Best Management Practices? - Continued

R&D plan:

- ◆ Benchmarking and using benchmarks - setting food safety standards and controls, setting food quality standards, developing production technologies free of pesticides or chemicals (e.g. Integrated Pest Management);
- ◆ Use of lean enterprise and efficient management - balancing family, business and personal goals, maintaining the sustainability of the productive agricultural base (including all natural resources), minimizing the environmental effects of agriculture; reducing sources of waste, lean thinking;
- ◆ Use of Sustainable development methods-addressing climate change issues, the Kyoto Protocol, developing alternative sources of energy from agricultural byproducts, developing commercial or industrial products from agricultural byproducts, providing the non-market benefits associated with natural areas. A recent business book offers some comment on moving from being a good company to being a great company. "Good to Great" explores the essential best practice elements of the business model. (See J. Collins, *Good To Great*).

This research shows that the great companies do the following:

- ◆ Have strong leadership - enduring greatness
- ◆ Build a Team - get the right people involved
- ◆ Confront the facts - understand and confront the current reality
- ◆ Use a unique "hedgehog" concept - what are you passionate about? What are you best at? What drives your economic engine? (a hedgehog can survive under many adverse conditions)
- ◆ Build a culture of management discipline
- ◆ Use and adapt technology
- ◆ Create a breakthrough/ create momentum.

The "good to great" model is suggested by many business leaders as valid. It is one concept that offers

real benefit for others. These ideas can be equally applicable in the agri-food sector. These and other leading business ideas are explored in the next sections with more specific reference to the agri-food sector, typical benchmarks and application of the concepts.

What About Agriculture and Best Management Practices?

Western Canadian research with leading farmers shows nine key areas of best management practice. These practices have been identified and validated with other farmers and international experts. The concepts are discussed below to provide the context of Best Management Practices. This will help you to benchmark yourself. A common saying in business is "you get what you measure".

This best practices guide will help to identify in a tangible way things you will need to measure to survive. The 9 top "best management practices" are:

- ◆ Vision for the agri-business
- ◆ Leadership
- ◆ Risk Management
- ◆ Human Resources
- ◆ Relationships and Alliances
- ◆ Production, Innovation and Environmental Management
- ◆ Financial Management
- ◆ Marketing Management
- ◆ Confidence and Motivation

Each of these practices are explained in the following pages. (*Of The Knowledge Guide*) These practices are embedded in a systems approach to the management of the farm business.

Alberta Best Management Practices Guide- Workshop Schedule

Vegreville - June 1, 9am - 12pm Vegreville Rec. Centre

Barrhead- GAER Late May/ June - am & pm-TBA Prov Building

Mountain View Cty, May 30 9am-12pm County office

Mountain View Cty, May 30 1:30pm - 4 County office

Airdrie, May 31, 9am - 12pm Ag Bldg. Sheep centre

Lethbridge, May 26, 9 am- 12pm County office

Lethbridge, May 26, 1:30pm- 4 pm County office

Instructors:

Darrell Toma, Toma & Bouma, Edmonton

Terry Betker, Meyers Norris Penny, Winnipeg

Contact: Darrell Toma 780-413-9262; dtoma@look.ca

Proposed Agenda- 10-15 per group- you must register through above no or with the Ag Fieldman

Three hour program; morning or afternoon delivery

Hour 1- introductions, overview; best practice content and guides

Break

Hour 2- group and individual work

Break

Hour 3- recap and discussions

Evaluations

Discussion/ Follow on needs- improvement programs- peer group sessions; individual sessions; information gaps- TBA

Background- Best Management Practices of Leading Farmers

Best Practices have been researched in a project through CARDS nationally and validated with international experts. This project has been in process since June 2002. Some very interesting findings have emerged and need to be piloted in a learning process with farmers. This Alberta pilot project focuses on building the knowledge base/skills of farmers. A new written guide book will help people to learn, innovate and improve their current knowledge. Use of case studies and data from the prior study, of now over 180 Western Canadian farmers will reinforce and provide new benchmarks for use. The project involves a 3 hour workshop with written materials provided. There is no cost to participants in this project. See www.leadingfarmers.com for some related information.



Our office location is:
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T8H 2R5

Phone: 780-416-6530

Fax: 780-416-6531

*Many thanks to our landlord,
The Federation of Alberta Gas Co-ops Ltd.



PLANT BREEDER'S RIGHT'S

The Canadian Federation of Agriculture, with the consultation and support of Wild Rose Agriculture Producers submitted the following letter to the Canadian Food Inspection Agency

Re: Consultation on Proposed Amendments to the *Plant Breeders' Rights Act*

The Canadian Federation of Agriculture (CFA) is the largest general farm organization in Canada representing general farm organizations in every province and national commodity groups. Through its members the CFA represents over 200,000 farm families. In response to the November 8th information bulletin on the Canadian Food Inspection Agency website, regarding proposed amendments to the *Plant Breeders' Rights Act*, the CFA has comments on sections 8, 9 and 11 of the amendments.

8. SCOPE OF THE BREEDER'S RIGHT

CFA does not support extending the holders' rights to products of harvested material. We believe that the extension of the holders' rights to harvested material should provide adequate protection for varieties in cases of unauthorized use of propagating material. Plant breeders' rights relate to "acts in respect of the propagating material". The production of harvested material is directly related to the use of propagating material. The production of processed products such as fruit juice or flour is not. It appears to us that the extension of rights to products of harvested materials would add unnecessary complexity to the provisions.

9. EXCEPTIONS TO THE BREEDER'S RIGHT (including FARMER'S PRIVILEGE)

Farmers currently have the right to save and use propagating material on their farm without paying additional royalties: "the farmer's privilege". We believe this right should be maintained. In our judgment it is essential that this exception be included in the Act. CFA would strongly oppose any new amendments to the Act which did not maintain the farmer's privilege. In general, we believe that the current scope of the farmer's privilege should be maintained. However, our members believe that in the case of a limited number of crops the development of new varieties would be enhanced if these crops were not included in the scope of the farmer's privilege. We therefore recommend that the farmer's privilege should not apply to tree fruits and vine crops. The types of varieties not included in the scope of the farmer's privilege should be identified in the Act and it should be clear that the privilege applies to all other varieties.

11. DURATION OF THE BREEDER'S RIGHT

There is a need to amend the act to meet the 1991 UPOV requirements of (20) years for all varieties except vines, forest trees, fruit trees, and ornamental trees, including their root stocks, which are allowed a minimum of twenty-five (25) years. The CFA believes that this is sufficient protection and the protection should not be extended beyond 20 and 25 years, respectively.

The CFA appreciates the extension granted to make this submission. If you require any further information on this please contact our main office.

Yours Sincerely,
Robert (Bob) Friesen
President

EXECUTIVE DIRECTOR'S RAMBLINGS BY Rod Scarlett

With half a page to fill, I am left pondering what to write. First off, on behalf of the organization I want to thank the former members of the Dakota Unifarm Organization and Mr. Len Ferguson for their gracious donations in the last couple of months. Your support is most welcome. That, in a sense, brings me to the topic of assured funding. I know that our Board, in particular, Neil Wagstaff and Lynn Jacobson, have worked hard on our assured membership submission to the Government of Alberta. The response the submission received from some elected government officials has been lukewarm at best and I am in a quandary as to why. One explanation was that there was not a groundswell of support at the MLA or Ministerial level and that is, no doubt, true to some extent. Conversely, neither the MLA, Ministerial, or our offices were bombarded by people in opposition, so could that not be construed as support?

Still, perhaps the bigger question is why wouldn't there be support for a general farm organization in Alberta and why wouldn't the provincial government actively encourage its formation. To be fair,

farmers and ranchers themselves have not shown any great deal of cooperation in a number of areas and this does allow for the idea of picking and choosing what you want to hear. That is not to say that is happening now, only that it could happen. More likely is the fact that farmers, ranchers and governments find it easier to focus on a single commodity or a single issue. The idea of looking at the whole farm, of the intricacies and the complexities of inter-related business activities is difficult to address. Safety net policies, for example, look at one commodity and those who diversify, or minimize their operational risk are often not eligible for the same level of support as singly focused operations. This can certainly be exhibited by where and who got the majority of support in the B.S.E. payments. Is it wrong or is it right? I am not really sure, but I do know that if there was a strong general farm organization in the province, who could work on those issues that are common to all farm operations and who would support the good work that commodity specific organizations do in this province, it would be of benefit to all farmers and in turn would be a benefit to all levels of government.

YES! I wish to join Wild Rose Agricultural Producers



Name: _____ E-mail _____

Spouse: _____

Address: _____

Town: _____

Postal Code: _____ Telephone: _____ Fax _____

I enclose - Membership fee	:Producer	\$ _____	(\$139.10)
	3 - Year	\$ _____	(\$385.20)
	Associate	\$ _____	(\$ 58.85)

Wild Rose Agricultural Producers, #102, 115 Portage Close, Sherwood Park, Alta. T8H 2R5

Canadian Grain Commission News

Western Standards Committee adopts template for introducing technology into grain grading system

At its spring meeting held in Winnipeg on April 14, 2005, the Western Standards Committee (WSC) endorsed the adoption of a [template for introducing technology into the visual grading system](#) for cereal grains, oilseeds and pulses.

"Canada's grain quality assurance system faces a number of challenges that can be addressed through research and technology," said Chris Hamblin, chief commissioner of the Canadian Grain Commission (CGC). "It is important that we have a transparent and thorough process so that we can assess the risks and benefits for producers and other industry stakeholders that may result from the introduction of technology."

The CGC will apply the template when a proposal is made to use technology in grain grading. The application of the template will support the introduction of equipment, calibrations and methods that are robust and that produce consistent and reliable results under operational conditions.

The CGC will evaluate proposals from both the industry and from its own researchers and inspection specialists. The process will incorporate research, risk assessments, evaluation, and consultations with stakeholders. The CGC will provide a report on new technology at each meeting of the WSC for the first two years after the technology is in operational use.

Visual grading involves the assessment of various factors by highly trained inspectors and has been a cornerstone of the segregation and marketing of Canadian grains and oilseeds for many years. Under certain circumstances, some grading factors can be extremely difficult to assess visually. The development of technology as a tool to assist inspectors is a key aspect of research and development in the CGC's Grain Research Laboratory.

The CGC is already applying the process to evaluate [Rapid Visco Analyser \(RVA\) technology](#) to test falling number in wheat. The CGC views this initiative as a high priority and has dedicated resources in its budget to continue the evaluation of RVA technology using this newly adopted process. The WSC also recommended the following grading changes to come into effect on August 1, 2005, the start of the new crop year. The changes are subject to the regulatory amendment process.

NEW SUMMER STAFF AT THE OFFICE

I would like to take this opportunity to introduce myself, Anita Banack, as the newest member of the office staff. I have attained this summer position with assistance from the Student Temporary Employment Program (STEP).

I grew up in Round Hill, Alberta but am currently residing in Edmonton. I am familiar with the agricultural way of life thanks to my work on the family farm while I was growing up. I am currently enrolled at the University of Alberta working towards a Bachelor of Commerce degree. I intend to major in Accounting and eventually go on to complete my Masters in Accounting. I will normally be working out of the office in Sherwood Park and can be reached by phone at (780) 416-6530.

Measuring the Level of Need

(A presentation by CFA and its member organizations to elected officials)

Showing the level of hurt in agriculture

Grains and Oilseeds

- Grain prices in 2004 are 19.4% lower than 2003 and 25.3% lower than 2002.
From December 2003 - December 2004, Grain price index fell 36.8% (Source: StatsCan)

Further, for 2005 it is estimated only 30.4% of grain crop will be in the top 2 grades, compared to a historic average of 66%. (Source: CWB)

Ruminants

From the StatsCan Farm Products Price Index:

- Cattle prices in 2004 are 23.1% lower than pre BSE 2002.
- For cull cows alone, 2004 prices were 67% lower than pre-BSE 2002 prices.

Further, costs continue to rise - the total Canadian cattle herd is 1.2 million head greater in 2004 as compared to 2002. Animals continue to build behind the border.

(Source: StatsCan)

Farm Costs

Despite falling incomes, costs continue to increase:

	Jan 2002	Jan 2005	% increase
Marked purple gasoline	44.07 cents/litre	62.02 cents/litre	+40.73
Diesel (Alta Prov. Allowance Deducted)	33.35 cents/litre	51.97 cents/litre	+55.83
Barbed wire 40kg	\$44.35	\$56.72	+27.89
82 - 0 - 0 Anhydrous (tonne)	\$553.50	\$676.35	+18.16
46 - 0 - 0 Urea (tonne)	\$342.05	\$420.49	+22.93
100kg bag (Herbicide)			
Tolerant Canola Certified Seed)	\$760.56	\$1021.22	+34.27

Farm Debt in 2003 \$47.7 billion

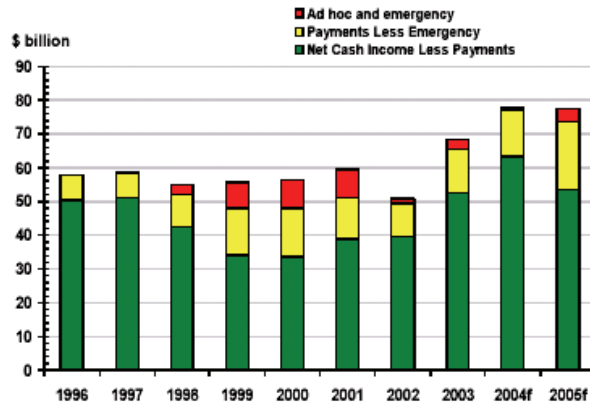
- In the decade of 1993-2003 Farm Debt has grown a total of 104%
On average Realized Net Income has fallen 5% every year in those same years.
(Source: StatsCan)

Compared to the U.S.

- Per farm income in US, 2004: Cdn \$43,178 per year
Average per farm debt in US, 2003: Cdn \$113,402
- Per Farm Net Cash Income in Canada, 2004: ~Cdn \$24,606 per year
Average per farm debt in Canada, 2003: ~Cdn \$199,024

2003-2005 will be the best three years in a decade for the US.

Measuring the Level of Need-continued



U.S. Farm Incomes

In contrast, the years 2003-2005 will be the three worst recorded years of Realized Net Income with an average per farm of \$3,734 per year.

Measuring the level of need

Comparing the previous three years of Realized Net Income (RNI) against the previous 10 years of RNI

Average RNI for Canada, 2003-2005:	\$875,250,000
Average RNI for Canada, 1993-2002:	\$2,761,095,000

Difference to return producers back to historical average: \$1,930,354,000

Total deficiency to return the past three years to the historical average:
\$5,791,062,000

Animal Care Alert Line

Call: 1-800-506-CARE (2273)

If you have concerns regarding the care of livestock;
 If you are experiencing management problems

FARM INCOME

MEDIUM/LONG-TERM CONCEPTS FOR CONSIDERATION

A policy paper by the Canadian Federation of Agriculture

INTRODUCTION

The major gap left unaccounted for in the Agricultural Policy Framework is the long term improvement of farm incomes. The APF, intended as the long term framework to move agricultural industry beyond crisis management, has largely developed risk management tools, safety-nets, environmental and food safety improvements but has made only small steps towards long-term improvement through its innovation funding. Ultimately, since its inception, the APF has done little and will not contribute significantly to the long-term farm income problem.

Agriculture, through government and industry action, must work to develop a new framework that improves incomes and sustains income into the long-term. Our goal must be to develop the proper tools for Canadian producers to generate sustainable incomes from the market.

To that end, the CFA initiated a National Farm Income Symposium last November and worked with the Honourable Wayne Easter on a series of farm income meetings across the country in January to develop what industry believes are the steps necessary to improve farm incomes.

Based on the CFA National Farm Income Symposium and the Wayne Easter Farm Income meetings several common themes were heard:

Empowerment of farmers in the marketplace.

Work with government agencies to A) coordinate farm regulations and B) prevent the downloading of costs (environmental, food safety, etc) without a mechanism for producers to recoup those costs.

Lobby the government to maintain and strengthen its support for public, primary agriculture research.

Industry and government must work together to produce an equally strong communications plan. The issues facing agriculture and farmers should be communicated better with consumers and Canadians in general.

Governments must work to provide Canadian producers with a fair and equitable trading system that is adaptable to the unique characteristics of Canadian agriculture.

Industry and government must work together to define mechanisms to aid youth entering into agriculture.

Industry and Governments must truly work in partnership for the agricultural industry and its policy environment to succeed.

IMMEDIATE ACTIONS:

Elimination of the CAIS deposit with no alternative.

Expedite payments under CAIS by improving staff and administrative resources.

Commit to the APF review structure and an agreed to timeframe by all stakeholders on the immediate review of the APF - specifically BRM programs.

FARM INCOME-cont'd

AAFC maintain and put greater investment into public, primary agricultural research.

Develop FIMCLA with greater allowances for young farmers and cooperatives.

Supply management has been shown to be an extremely efficient mechanism to improve farm incomes. Today and into the future, Governments must work to protect the tools that keep supply managed industries strong:

- 1) Producer discipline - the ability for farmers to collectively plan their production
- 2) Producer pricing - the ability for farmers to collectively negotiate prices
- 3) Import controls - to ensure the ability to match supply and demand for stability in food prices.

MEDIUM TERM ACTIONS:

Industry and Governments work together to coordinate regulations across departments and international borders, decrease the downloading of costs onto the farm and harmonize agricultural policy to facilitate the competitiveness of Canadian producers.

Development of incentives and lending support for young farmers to enter the industry.

Industry and Governments work together to improve existing Business Risk Management programming for the long-term stability of producers. Specifically:

CAIS must be changed to more accurately measure actual need at the farmgate - payments must be more responsive, payments must be transparent and understandable, inventory values must better reflect on-farm values and CAIS needs to be adapted to address the long-term declines in reference margins and trade inequities.

Develop Production Insurance products for all commodities, in particular horticultural commodities.

LONG TERM ACTIONS:

For the long-term health of the agricultural industry, the CFA proposes three major actions based on 4 pillars:

Pillar 1) Facilitate the development of large farmer cooperatives/marketing entities.

The key to achieving and maintaining sustainable farm incomes is producer empowerment. Producers need the power to bargain, as equals, with partners in the production chain. Only with equity in the chain will producers be able to bargain for higher output prices and simultaneously bargain for lower input prices. With equity, producers can neither over price nor undercut their partners, however, more equitable sharing of the consumer dollar can be achieved.

The need to create large, producer-controlled market entities is based on two principles, 1) size brings bargaining empowerment to increase output prices and lower input prices, and 2) size brings economies of scale for coordination, selling, buying, and can facilitate improved linkages between producers and consumers. Given strong yet flexible tools, collective marketing is the most efficient mechanism to give market power to producers.

Pillar 2) A Green Leaf program: Strengthening the Link between Canadian Consumers and Producers

The CFA proposes a Green Leaf program in which a Green Leaf label be created to be put on retail food items.

FARM INCOME-cont'd

The meaning behind the Green Leaf label: This product was produced by Canadian farmers and Canadian farmers received a fair return for their work. Canadian consumers already feel great affinity for Canadian farmers and already make efforts to buy Canadian. The missing link is knowing whether or not a producer has received a fair return. This consumer support needs to be promoted and most importantly facilitated. A communications plan promoting consumers to buy Canadian products cannot work alone. Consumers need to be able to identify products that are Canadian and that support Canadian farmers.

The program must aggressively market Canadian agriculture to consumers. With significant demand for the Green Leaf, processors and retailers will see competitive benefits from seeking and supplying Green Leaf products. The combination of demand for the Green Leaf and a "producer certification body" will help empower producer groups in bargaining for more sustainable prices.

Pillar 3) Societal Payments for the Provision of Social Benefits

Canadian producers provide public goods through the preservation of habitat, filtering of air and water and through the stewardship of the landscape. The provision of these public goods provides services to all of society and these services must to be rewarded.

The CFA proposes a WTO Green-box program of decoupled payments, flowed as a portion of farmers' historical production as compensation for the social benefits provided. Such a program is not countervailable under WTO or US law, is not trade distorting, is simple, effective and improves farm incomes by simply compensating producers for services they provide to society at large.

Pillar 4) Strategic Planning of Government Support

It is imperative for Canadian policy makers to understand the nature of farm support. The US Farm Bill supports commodity production, giving high powered production incentives for grain and oilseeds. By funneling support to the beginning of the food production chain, the US has achieved strategic support for value added processes. Livestock production essentially receives flow through benefits from grain and oilseed subsidies, meat processing then receive cheaper livestock and the trend continues up the entire food production chain.

In contrast, the whole farm approach in Canada provides direct disincentives for value added. On a mixed livestock and grain farm, losses in grain are compensated for by gains in livestock. In an effort to minimize risk many producers have spread risk over many commodities. The results are mixed farms in which risk is absorbed within in the farm. By having livestock production absorb losses in grain production, profitability on the farm is lowered and forces producers to seek higher prices for their livestock production. This cycle further reduces pricing incentives for value added up the production chain.

In Canada, value added is discouraged because of the need to minimize risk. In the US the incentive to develop value added is spurred by the high powered incentives of flow-through, subsidized product that enhances profit opportunities. The US plan has been strategic and forward thinking to develop domestic value added industries. Canadian policy makers must understand the impacts of farm support strategies in other countries and in collaboration, government and industry must work to develop equally strategic frameworks for the long-term improvement of farm incomes.

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CO-OPERATIVES: Part of the Solution for Canada's BSE Crisis

Excerpts of a Brief submitted by Bill Dobson on behalf of the Canadian Co-operative Association to the Standing Senate Committee on Agriculture and Forestry April 21, 2005

A range of groups are trying to start new co-op slaughter houses in Canada. Most are focused on over 30-month cattle and cull cattle, while some are planning to handle a range of ruminants such as bison, goats, elk, and sheep. We have identified seven groups in different stages of planning and development, several at the critical financing stage. They are predominately located in the Western provinces where there is considerable pent-up need. Several groups are in the early stages of organization and have not finalized their business structure.

Traditionally, co-operatives have started small and expanded on an incremental basis as the business has grown and finances became available. Today, the agricultural industry is more sophisticated and consolidated and consequently any new agricultural co-operative must start at a larger scale to be competitive. This follows for the meat processing industry. Unless a co-operative group is able to purchase a fully operational plant, as the Fédération des producteurs de bovins du Québec has done, it means building a new facility with costs ranging from \$10 million to \$40 million. For co-operatives, a major part of the financing is member equity. This has been difficult to raise, as beef producers have been hard hit with losses.

The current issues and needs for developing co-operative slaughterhouses are:

1. Funding to undertake sophisticated business planning and develop plans for new co-ops
2. Information on available resources and government programs
3. The financial ability of producers to purchase member shares in new co-operatives
4. Access to capital to finance start-up and construction
5. Concerns raised by financial institutions and lenders about risk and the uncertainty of a future border re-opening
6. Meeting stringent new safety and environmental standards
7. Development of new markets which require additional testing of meat products

Naturally the extent of these needs varies, depending on provincial and local circumstances. Generally, local municipalities have been quite involved and supportive of new co-operative ventures.

We have developed some recommendations which we offer to the Standing Senate Committee on Agriculture and Forestry to address and resolve these issues.

RECOMMENDATIONS

Implementation of the following practical recommendations would greatly enhance the ability of groups of producers to develop sustainable slaughter facilities. All recommendations are within federal jurisdiction.

1. **That the Federal Government reallocate funds from the Livestock Repositioning Strategy to the Co-operative Development Initiative to provide grants that will enable co-op slaughterhouse groups**

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to undertake business planning and obtain expert assistance.

The Minister of Agriculture, Andy Mitchell has indicated a willingness to revise his Livestock Repositioning Strategy, announced in October 2005, as new needs arise. We believe that an immediate reallocation of \$500,000 to the Co-operative Development Initiative (CDI) would provide critical funding to enable new groups to develop the required business plans, facility plans, or federal approvals in this fiscal year. Funding would be allocated by the Co-op Secretariat to co-op groups using their existing program infrastructure.

- 2. That the Federal Government reallocate funds from the Livestock Repositioning Strategy to provide additional funding for the Advisory Services component of the Co-operative Development Initiative to enable regional co-op groups to provide co-op specific expertise.**

This recommendation addresses the need to provide new co-op groups with co-operative expertise in relation to incorporation, member recruitment, governance, and linkages to other existing co-operatives. With an additional allocation of \$160,000 to the Advisory Services component of CDI, regional co-op organizations could provide the needed expertise and information to emerging co-op slaughterhouse groups.

- 3. That the Federal Government provide investment in the form of direct grants to co-operative groups to fund safety and environmental aspects of their slaughter facility.**

Due to the current market place and the stringent regulations concerning food safety and waste management, there are additional costs to starting any slaughterhouse today. Given the advantages of having co-operatively owned plants, it is reasonable for the Federal Government to use funds within the Livestock Repositioning Strategy, the Agricultural Policy Framework (APF) or the regional development agencies to provide grants for safety and environmental aspects of new co-operative slaughter plants. Funding of \$1.27 million for a traceability system in the new Atlantic Beef Products plant in PEI came from APF and the Atlantic Canada Opportunities Agency (ACOA).

- 4. That the Federal Government revise the Loan Loss Reserve program to a Loan Guarantee program.**

As part of the Livestock Repositioning Strategy, the government announced a Loan Loss Reserve Program which was designed to support the provision of debt capital to all but the largest slaughter facilities. Six months after its announcement, this program has not helped any of the emerging co-op groups. Providing a 40% reserve for losses against bad loans is not an effective incentive for credit unions and banks to take a risk in lending to new co-operatives. Most financial institutions would prefer loan guarantees as used in other federal programs such as FIMCLA.

- 5. That the Federal Government work with the beef industry to explore ways to coordinate the development of new slaughter facilities and the marketing of beef to increase the success and sustainability of new domestic slaughter initiatives.**

Currently in Canada, there are 20- 30 slaughterhouse proposals and initiatives being discussed, mostly in

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the Prairie provinces. These include co-operatives, other producer-owned businesses, and large corporations. Part of the reluctance of financial institutions and cash-strapped producers to invest in, or finance, these ventures is the concern that some of these new startup facilities will not survive. There is good reason for this reluctance and yet this attitude is creating a hurdle to the development of new slaughter capacity.

The Federal Government is in a good position to provide some leadership to quickly bring together the beef industry, provincial governments, and other stakeholders to develop a high level plan that will serve the industry for the long term.

- 6. That the Federal Government develop a co-op investment plan providing tax credits for individuals investing in agricultural co-ops, including slaughterhouses.**

CCA and other umbrella co-op organizations have proposed an investment plan that would provide a tax credit to individuals purchasing membership or investor shares in agricultural co-ops. This would encourage producers to invest in their co-ops and use their scarce cash resources to purchase membership shares, which for new generation co-ops can range from \$5,000 to \$20,000. In some co-ops, there is provision for outside investors and a tax credit would encourage local residents and business people to supply needed capital to get more co-ops off the ground.

- 7. That Agriculture and Agri-Food Canada (AAFC), in consultation with the co-operative sector, review and revise their current programs to better serve all agricultural co-ops.**

There are currently many programs within AAFC that could potentially help existing and new agricultural co-ops. Some need minor revisions around eligibility requirements, while others need additional features to suit the co-operative structure. Given the track record of co-operatives in the agricultural industry, it is unfortunate that there is inadequate information and consideration of co-operative needs. With some concerted effort and partnership with the co-op sector, this could be improved.

- 8. That Agriculture and Agri-Food Canada (AAFC) increase the promotion of their programs and services that are appropriate for agricultural co-operatives, within agricultural and co-operative venues.**

A campaign to promote Federal Government programs that are relevant for agricultural co-operatives would open doors to the resources that are available. This campaign should be aimed at the agriculture, co-operative, rural development, and community economic development communities in Canada. This could involve revisions to the AAFC website, conference displays, written materials, and public advertising.

- 9. That the Federal Government consider providing 100% testing of meat being exported to specific markets that demand it.**

Many co-op groups will be selling their products domestically, but some have identified potential markets in Europe or Asian that have more stringent requirements. Enabling them to sell to these new markets is part of the Federal Government's strategy to expand access to new export markets. CCA is aware that there is

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a difference of opinion concerning 100% BSE testing for all animals being slaughtered in Canada. Some industry groups have suggested a pragmatic approach that provides for additional testing for meat destined for country - specific markets that require 100% testing. We recommend serious consideration of this approach and further consultation with the key stakeholder groups, including emerging co-operatives.

10. That the Federal Government provide training grants for training management, staff, and boards of new co-op slaughterhouses.

CCA is aware of the multiple factors that contribute to the success of co-operatives. New co-operative groups require skilled leaders and employees. With additional resources, regional co-op organizations are capable of providing training for the boards and senior staff of new co-op slaughterhouses.

New co-ops may have to recruit senior managers from private industry and these people will require additional skills and knowledge to manage a co-operative venture. Depending on local labour force conditions, there may be a need to train the front line workers in the new plants. Human Resources and Skill Development Canada should assist with this training, as required. This funding should be available for the recently-opened plants such as Atlantic Beef Products which is still gearing up production.

CONCLUSION

We ask this Senate Committee to include our recommendations in your up-coming report. The Canadian Co-operative Association is more than willing to share our expertise, knowledge, and connections with federal officials and departments to further develop these recommendations and implement them. We have always worked co-operatively with the Federal Government and appreciate the co-operation we have received in the past.

It is important to remember when the Federal Government gives a hand-up to the men and women organizing co-operative slaughterhouses across Canada, there will be dividends to the public purse and society at large for years to come.

WILD ROSE AGRICULTURAL PRODUCERS DIRECTORY OF OFFICIALS 2005

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