

# Wild Rose News

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## President's Report by BILL DOBSON

I've had the opportunity to drive around a fair bit of the province in the last month and I don't know if things have looked any better in my time. There is nothing like rain to lift the spirits of the agricultural community and make us forget the challenges that our industry seems to constantly face. I do realize that there are a few areas that are still dry and there is a lot of flooding and hail damage in places, but for the most part, conditions are ideal. It is almost impossible to believe the difference in my area of north-east Alberta from two years ago. In 2002 we were in the heart of the worst drought in history and this year we are approaching a foot of rain. You can almost hear the farmers whispering that maybe we have had enough for a while! Although there is a tremendous forage crop in the province, I have seen hay standing, cut, rained-on, flooded, spoiled and baled in very good and bad condition. Wet summers make for very frustrating haying conditions.

### Federal Election

On June 28<sup>th</sup> the Liberal Party was returned to power with a minor-

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## President's Report - Cont'd

ity government. Agriculture did not get much attention throughout the campaign and rural Canada was certainly not kind to the Liberals. Honorable Bob Speller, the former Minister of Agriculture, was defeated in the election. I believe that this was disappointing for Western Canada as he had shown genuine concern for the industry and was very open to working with farmers and farm groups. Mr. Speller had expressed his respect for our organization and shown a desire to work with us in the future. We wish him well in his future endeavors. The new Agriculture Minister is Andy Mitchell from Parry Sound, Ontario. I have had some experience with Mr. Mitchell during his time as Secretary of State for Rural Development. He is quite aware of rural issues and has a very hands-on and thorough approach. We will hopefully have a chance to meet with him in the very near future. Farm organizations deal with whomever the government of the day may be and we look forward to working with Mr. Mitchell.

### BSE

There does not seem to be much good news here. I think we have passed the time when there is any hope of a border opening before the American election. My guess is that neither party knows for sure if the opening would be good or bad politically so they will ignore the issue. After the election, when the hype settles down the US Government will hopefully take some action. Perhaps it is best if BSE is ignored during the campaign. When these issues get involved in an election, promises get made that people are obligated to live up to. Those promises may not be in the best interest of the Canadian Beef Industry. Unfortunately, the fact is that there are a lot of calves to be sold this fall. It remains to be seen if there is the optimism or the money to keep the prices up as high as they were last fall. There are still many discussions taking place across Canada regarding the development of producer owned and funded processing facilities. It is encouraging but at the same time we all realize that it is a big game to get into. The Canadian Federation of Agriculture will be holding a special BSE meeting next week in Quebec City. Vice-

President Keith Degenhardt will be attending that session.

### CFA Semi-Annual Meeting

The Canadian Federation of Agriculture will be holding their Summer Meeting in Quebec City from July 27<sup>th</sup> - 30<sup>th</sup>. Keith and Terry Lee Degenhardt and I will be attending. I will report on some highlights of that meeting in the next newsletter. We will no doubt be discussing the current WTO Trade talks, BSE and CFA's strategy in working with a new agriculture minister in a minority government.

### Wild Rose Summer Council Meeting

We had a very successful Summer Council meeting in Strathmore on June 28<sup>th</sup> and 29<sup>th</sup>. We had very good attendance and an interesting tour on Monday afternoon. We had extensive discussions on coal-bed methane development, BSE, Bill 206 and our own Strategic Review. Most of these items will be discussed greater detail in this newsletter but I want to thank Robert Filkohazy and Brent McBean for the excellent job that they did in putting this meeting together.

### McClellan Meeting

On August 17<sup>th</sup>, Rod Scarlett and I will be meeting with Minister Shirley McClellan and Deputy Minister Brian Manning to discuss several issues including the APF review process, Bill 206, Young Farmers Forum and of course BSE developments. This meeting has been rescheduled several times and is long overdue. It is very important to have regular dialogue with the minister if our organization is going to be effective in communicating the views of Alberta's farmers on agricultural issues.

If there are any agricultural issues that are affecting you feel free to call our office or me personally. We are always interested in your thoughts. **As we head into the fall season, I want to wish everyone a safe and bountiful harvest.**

# Farmer's, Land Agents, Oil and Gas Leases - What Fun

By

Keith Degenhardt

**W**ild Rose Agricultural Producers, Alberta's general farm organization, has had many enquiries from farmers on how to deal in the negotiating process with a Land agent on oil and gas leases and pipeline Right of Ways. This past year has seen very brisk drilling for oil and conventional gas and greatly increased activity for coal bed methane. This has resulted in many farmers being contacted for the first time for surface rights. These farmers often feel uncomfortable, unsure of what their rights are, relying on the information the land agent is supplying, not sure if they are looking at a gift horse and often given to feel they have to sign right now for their best deal.

We have found in many cases it's just a lack of knowledge of where to obtain the information in order to feel comfortable in the process. Wild Rose Agriculture Producers suggests the following steps:

1) Read the pamphlet called "Negotiating Surface Rights" given out by the Land agent as required by the Surface Rights Board and remember you have as much time as you want or need. The company which the land agent represents wants to deal with you. You may not necessarily want to deal with them. If the land agent creates bad vibes for you, you can request a different representative from the land agent company. You have at least 48 hours to consider any offer given you and then negotiation can continue, or be finalized.

2) Do not be afraid during that time to talk to your neighbors to determine if the offer being given to you is comparable (It is wise, after all, to verify what you have been told by the land man.)

3) If you are still feeling uncomfortable, contact the Farmers' Advocate Office at (310-0000) 780-427-2444 and ask questions of the Advocates there. They will be able to supply names and numbers of the Surface Rights groups closest to you if you felt un-

comfortable talking to your neighbors. The Farmer's Advocate will probably be able to supply guidelines regarding compensations paid in your area and terms you might want to have added to or deleted from the contract offered to you.

4) A lawyer may be your best friend if you still are not happy. Your neighbors, local surface rights groups, or the Farmers' Advocates office would know of lawyer's who have dealt with surface rights. Wild Rose is developing a list of lawyers who have experience in surface rights negotiations and litigation. Remember the oil and gas company approached you and they are required to pay for your legal advice should you feel the need of it.

5) If all has failed you can appeal to the Surface Rights Board. This will mean you will have to document details meticulously to build your case to back up the demands you are making of the company. Both the Farmer's Advocate office and subsequently a lawyer may be useful here.

A final bit of advice: Land agents are trained to be pleasant, and farmers are in the habit of being agreeable to guests at their kitchen table. But remember, the Land Agent is hired by the oil and gas company to obtain the surface rights to your land and is being paid well to obtain those rights. The reason they want those rights is that from their geological surveys what they want is under your land. You need to be adequately compensated for their presence on your land.

If you desire any other information please contact the Wild Rose office at 1-888-616-6530. Wild Rose is determining the feasibility of developing a data base on compensation in the different areas of the province. Would you be interested in such a service? We would like to hear from you on this issue.

# SUMMER COUNCIL 2004 SUMMARY

By

Robert Filkohazy, Region 10 Director

Region 10 hosted this years Board of Directors and Regional Directors summer meeting in Strathmore at the Oxbow Country Golf Course on June 27, 28 & 29. Other than the air conditioning not working on the tour bus; the three day event was a huge success. The organizing committee did the planning; got sponsors; organized the tour and booked the facilities and accommodations. The committee members were Brent McBean; Joe Kubinek; Melvin Nielsen; Peter Hoff; Neil Wagstaff; Don Boles; Arlene Filkohazy and I chaired the committee.

We started off on Sunday afternoon with a Best Ball golf tournament followed by a Mayor's Reception for dinner hosted by Deputy Mayor Lois Wegener.

Monday morning started bright and early with 'Breakfast with the Reeve' along with a number of councilors; being hosted by the County of Wheatland.

At the Regional Directors meeting with the Board of Directors we were joined by guests from the CWB; Wheatland County Reeve, ASB Chairman and two councilors; Farmers Advocates Office and the Executive Director of the Environmental Farm Plan Company. The topics ranged from the APF to BSE and also included reports from the President, Directors and our Executive Director.

The Agri- Tour organized by Brent McBean was not only informative and educational, it was also very in-

teresting. The tour itinerary was based on some of Wild Rose policy which included a watershed project; an Environmental Farm Plan update; presentations from the Canola Commission, Pulse Commission and the Western Irrigation District; a tour of Encana's Cavalier natural gas power plant; a Coal Bed Methane presentation and a visit to Eagle Lake Sod Farm and Nursery. We were joined on the tour by two MLA's; two CWB directors; two County of Wheatland councilors and the EFP executive director.

Back at Oxbow we had a reception and steak barbecue for about 80 people. After hearing from our president, Bill Dobson; our guest speaker for the evening was Dr. Bob Church, who had great reviews from the guests. Dr. Church talked about the global aspects of agriculture and highlighted that with challenges come opportunities. We would like to thank Dow AgroSciences for the gift of the Nexera canola oil for each dinner guest.

At the Tuesday morning Directors meeting the topics of discussion were CBM; Bill 206 and the upcoming CWB election forums this fall; Alberta Young Farmers Forum and membership.

This years Summer Council meeting would not have been as successful without the support and sponsorship by the following: Town of Strathmore, County of Wheatland, Encana, UFA, Chinook Credit Union, Dow AgroSciences, Syngenta, Dupont, Monsanto, Bayer, Louis Dreyfus and Cargill.

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## Executive Director's Ramblings

**W**e are now nearing a year and one half since the first confirmed case of BSE and for all intents and purposes, very little has changed in the last year. From my calculations, provincial and federal politicians and bureaucrats have promised that the border would open for just about every month since last September. What is disheartening in all this is that they really had no idea what was going on but were only speculating on a hopefully positive, outcome. In a province that seemingly wants not to influence markets or be involved in business, I wonder how many producers were influenced by the musings of Prime Ministers, Premiers and Agricultural Ministers?

Cash injections to the industry by both federal and provincial governments have provided temporary relief, but they have not addressed the fundamental marketing flaws in the system, that being our over-reliance on the American market by the cattle industry. Furthermore, the lack of competition in the packing and slaughter industry compounded the problem. While the industry has begun look seriously at alternative slaughter facilities and has attempted to enhance domestic marketing, it may be

the case of too little, too late for some.

At the same time, other industries such as the elk, bison, sheep, goat and deer producers have been caught in the wake. Hog producers, although facing better market conditions now, are dealing with trade issues, grain producers still face trade tariffs, seed potato growers are going to court, and all grains and oilseeds have seen a slow drop in market prices. In the background, Statistics Canada recently reported that in 2003, Alberta's 50,000 or so agricultural producers (those with sales over \$2500) took on an additional \$700 million in debt, and now owe close to \$11 billion dollars.

The picture is not rosy, nor is it all doom and gloom. On the bright side, there was for the most part, no lack of moisture and the grasshoppers were not as bad as was expected. Certainly, a message was sent by western Canadian farmers and ranchers that the federal government needs to pay more attention to its agricultural policy and the provincial Conservatives look like they want to have a fall election. Will the same message be delivered or have they served us in the best possible manner? That is up to you to decide.



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**#102, 115 Portage Close**  
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*\*Many thanks to our new landlord,*

*The Federation of Alberta Gas Co-ops Ltd.*





# Costs of Injuries

The bottom line for any business is profitability. An important part of maximizing profits is minimizing losses - and that includes losses due to injury, illness, or death of the farmer, farm family, or farm workers.

Broadly speaking, two out of three farm fatalities (60.2%) tend to be the owner-operator. The remaining farm fatalities tend to be: a child of the owner-operator (15.0%); a hired worker (11.6%); a relative - perhaps a brother or parent (8.2%); or the owner-operator's spouse (2.9%), with the remaining (2.1%) being other visitors, according to the Canadian Agricultural Injury Surveillance Program.

Through provincial Workmen's Compensation programs and private insurance you can partially protect your business from losses incurred from injuries, illness, and death. Although it varies from province to province, most provincial Workmen's Compensation Boards (WCB) require that employees be covered for benefits that include medical aid, payment for lost time, rehabilitation, permanent disability awards, pensions to dependents, and funeral benefits. An employer's claims history is also a factor in the rate he or she pays in premiums with higher claims demanding higher premiums.

However, farm owner-operators and their related workers (children, siblings, and parents) do not necessarily require coverage under WCB in all provinces. This is significant consid-

ering that in Canada, 61 per cent of farms are owned and operated by one person, 27 per cent are partnerships, 10 per cent are family corporations, and only 2% of farms are non-family corporations, according to Statistics Canada. Unfortunately, this has led to many farmers and their families being grossly underinsured when an incident occurs as some farmers chose to insure privately, and others decided not to insure at all. High premiums are often cited as the reason for not insuring.

From a business perspective, it is important to make an informed decision about what exactly farm-related incidents could cost your business, and then have a plan on how the situation could be handled. Keep in mind that it is estimated that for every one dollar of insured costs there will be five dollars of uninsured costs. Whether it is an insured employee or an uninsured family member, some of the hidden costs of injuries may include:

- Cost of wages paid to the injured worker not covered by Workmen's Compensation, and lost time wages on the day of the injury.
- Cost of wages paid to uninjured workers who stopped to watch or assist the injured, or who depend on the output of the injured worker to complete their task.
- Cost of damage to product, property or equipment. If these

are insured then a deductible may apply.

- Costs associated with instructing, training and repositioning workers, or in some cases hiring new employees.
- Cost of wages paid to the person caring for the injured worker including, stabilizing the scene and waiting for emergency medical services or taking the worker to the hospital, filling out forms and incident reports.
- Cost of lost production while retraining a replacement, or when the worker returns to work.
- Cost of an ambulance if the injured worker needs to be rushed to a hospital.
- Cost of investigating, processing of claims and related paperwork, telephone calls and follow-up.

If you calculated the costs of each of these considerations - including the number of people and hours multiplied by the hourly wage rate - what would the total uninsured cost be?

Now consider this - if your business runs on a profit margin of five per cent, and if the total uninsured costs were \$5,000, then your business will have to generate \$100,000 in sales to pay for this incident. Likewise, if your business runs on a two per cent profit margin, then your business will have to generate \$250,000 in

*(Continued on page 8)*

## Cost of Injuries—Cont'd

sales to pay for this incident.

As you can see, it makes good business sense to minimize losses through injury prevention. This can be achieved by doing a safety audit on your farm, keeping all machinery in good repair with safe guards in place, having adequate accident insurance coverage, training workers in safe practices, leading by example, and making safety a priority on your farm.

The Canadian Federation of Agriculture along with

the Farm Credit Canada, the Canadian Agricultural Safety Association, and Agriculture and Agri-Food Canada want to remind Canadian farmers and ranchers that "*Farm Safety Means Farm Safely*".

### For more information call:

Theresa Whalen-Ruiter, CFA Farm Safety Coordinator

Tel/Fax : (613) 731-7321 E-mail: [twr@magma.ca](mailto:twr@magma.ca)  
or visit web sites [www.cfa-fca.ca](http://www.cfa-fca.ca) or [www.casa-acsa.ca](http://www.casa-acsa.ca)

## Building a Better Tractor

By Wendy R. Holm, P.Ag.

Reprinted from GROWERS' JOURNAL, June 2004

Ask any farmer what they could least do without and their second answer - the first of course being "my sweetie!" - would likely be "my tractor".

No other farm implement is so heavily relied upon by growers to accomplish the next replant, tend and harvest the crop, and get it to farm gate and beyond.

Because of this, farmers know their tractors well. Cranking it over on a cool June morning, the symphony of engine sounds is like a lover's whisper to the seasoned ear; reasoned slopes are one half of the equation, prompt maintenance is the other. Occasionally - for a variety of reasons - steeper slopes demand attention. You wait for dry weather. You put on the cage. Still. Every community in the Okanagan is sadly acquainted with times when such acts have had fatal consequence.

Farm accidents are tragic. But the community carries on. What happens when the "accident" befalls the entire sector? What happens when the post-farm-gate tractor (the "marketing chain" responsible for pulling your product forward to the end consumer) becomes rusty from poor maintenance (collapse of competition;

market rigidities imposed by concentrated processors and retailers) and challenged by dangerously steep slopes (a WTO/FTA/NAFTA world; politicization of farm support, loss of sovereignty over farm policy)?

What happens then?

What happens when every farm program that has been relied upon for the past century is cast under the red glow of disrepute by Washington, a trading partner whose own farm subsidies, on a per capita basis, increased by 22% in the decade following the signing of the FTA and exceeded the Organization for Economic Co-operation and Development (OECD) levels by 14% by the year 2000? (This, while Canada's per capita support for farming during the same period fell by 40% and in 2000 averaged 45% below OECD farm support levels and fully 55% below U.S. farm support levels - making per hectare support to Canadian farmers amongst the lowest of all OECD nations. Despite the fact that Canada's farmers contribute 47% more to national GDP than do their U.S. counterparts.)

(Continued on page 9)



## Building a Better Tractor - Cont'd

What happens when only the mandarins know NAFTA well enough to argue it, and only seem to do so when it is against - not for - the interests of Canada's farmers (e.g. Ottawa's failure to invoke NAFTA Chapter 20 to open the border to Canadian beef)? What then? What then indeed.

A former New Yorker (passionately Canadian-and-only-Canadian since 1976), my first introduction to the Okanagan came in 1971, when as a student in UBC's Agricultural Sciences 300 course, I stood on a bluff overlooking the lake at the Summerland Research Station and bit into my first tree-ripened, sun-warmed peach. I was in love. The affair deepened when - back from Ottawa many years later - I agreed to serve as a Director of the Okanagan Valley Tree Fruit Authority (OVTFA). At one of our first meetings, I recall standing on the deck of Summerland Research Station with fellow Director John Kitson, looking out over much the same view as I had some 20 years previous. John pointed across the lake to Naramata and explained it came from a completely different landmass than the one we were standing on, and how the two plates had collided a very long time ago. I was absolutely fascinated. And that set the tone for my ensuing engagement with the OVTFA and the growers it serves.

As an Agrologist and a British Columbian, the capacity and challenges of this fertile agricultural valley remain as intriguing to me today as they did at the outset. Much like B.C.'s Fraser Valley, the Okanagan is one of this province's prime battlegrounds for the future of farming. Soaring prices for farmland quickly convert prime tree fruit and grape lands to inexpensive country estates or walled and sterile communities. Restructuring of the ALR has shifted decision-making to local interests. The land is frozen (though that too is changing), but land prices aren't. The urban edge (line separating farm and non-farm use) is spreading like a jigsaw puzzle pattern through what once were strong farm communities.

In many sectors, farm income is also on the decline. Thanks to the work of the OVTFA replant program (which should be continued for at least another five years) and strong industry collaboration in the tree fruit, vineyard and winery sectors, growers in the Okanagan are relatively better off. But as farmers know, this could change in a season. Without protection for the economics of farming, much of the productive farmland of the Okanagan will convert to hobby farms in a generation (Holm: ALR Report to BCFGa, 1998).

Creating a different future built on empowered farming communities, enthusiastic farm youth, and strong farm incomes requires solutions to ensure both the economics of farming and the sufficiency of voice necessary to carry the message of Canada's farm sector forward to communities and politicians.

Farm accidents are tragic. But the community carries on. When the "accident" befalls the farm sector, the entire community falters.

There is a need to build a better post-farm-gate tractor. Luckily for us, some hot new designs are on the market!

Wendy R. Holm, P.Ag.

[holm@farmertofarmer.ca](mailto:holm@farmertofarmer.ca), [www.theholmteam.ca](http://www.theholmteam.ca)

WENDY HOLM, P.AG., is a Bowen Island, B.C. based Agrologist, Resource economist, columnist and author. In October 2003, Holm was awarded a Gold (Press Column) and a Bronze (Press Editorial) by the Canadian Farm Writers Federation at their annual awards ceremonies. A recognized international expert on the water/trade issue, Holm the editor/contributing author of the 1988 book WATER AND FREE TRADE (Lormier, Toronto) and co-author of NAFTA and Water Exports (Canadian Environmental Law Association, 1993).

Holm has also agreed to be a speaker at the 2005 Wild Rose Agricultural Producers convention.

# Agriculture Statistics

Prepared by Statistics and Data Development Unit  
Economics and Competitiveness Division  
Alberta Agriculture, Food, and Rural Development

## The Land and Precipitation

	Acres	% of Total	
<b>Total Land Area</b> .....	<b>157,710,720</b>		
<b>Farm Land Area (2001 Census of Agriculture)</b> .....	<b>52,058,898</b>	<b>100.0</b>	
Cultivated Land Area .....	32,604,729	62.6	
Land in Crops .....	24,038,861	46.2	
Summerfallow .....	3,053,214	5.9	
Tame or Seeded Pasture .....	5,512,654	10.6	
Natural Land for Pasture .....	16,503,920	31.7	
All Other Land .....	2,950,249	5.7	
<b>Irrigated Crop Area in 2002<sup>(p)</sup> = 1.31 million acres or 4% of cultivated land area.</b>			
<b>Precipitation (Millimetres)</b>		<b>30-Year Average</b>	
<b><i>April 1 to October 13 Growing Season</i></b>	<b>2001<sup>f</sup></b>	<b>2002<sup>p</sup></b>	
Southern Region .....	148	410	293
Central Region .....	243	263	346
North Eastern Region .....	299	188	356
North Western Region .....	305	212	401
Peace Region .....	292	226	326
<b>Provincial Average</b> .....	<b>236</b>	<b>286</b>	<b>338</b>

## Population and Farms

	2001	2002	% Chg.
<b>Population on July 1st<sup>(1)</sup></b> .....	<b>3,059,100</b>	<b>3,113,600</b>	<b>1.8</b>
% of Canadian Population .....	9.8%	9.9%	
	<b>2001</b>	<b>% of Total</b>	
<b>Population on May 15, 2001<sup>(2)</sup></b> .....	<b>2,974,807</b>	<b>100.0</b>	
Urban Population .....	2,405,160	80.9	
Rural Population .....	569,647	19.1	
<b>Number of Census Farms on May 15, 2001<sup>(3)</sup></b> .....	<b>53,652</b>		
<b>Average Farm Size</b> .....	<b>970 acres</b>		
<b>Types of Farms<sup>(4)</sup></b>		<b>% of Total</b>	
Farms With Sales of \$2,500 or More .....	50,580	100.0	
Cattle (Beef) .....	22,939	45.4	
Grain and Oilseed (Excluding Wheat) .....	9,327	18.4	
Wheat .....	3,718	7.4	
Miscellaneous Specialty .....	5,495	10.9	
Field Crop (Excluding Grain and Oilseed) .....	4,725	9.3	
Other Types .....	4,376	8.6	

(1) Source: Statistics Canada, Estimates of Total Population, Canada, Provinces and Territories

(2) Source: 2001 Census of Population

(3) According to the 2001 Census of Agriculture, a census farm refers to a farm, ranch or other agricultural holding which produces at least one of the following products intended for sale: crops, livestock, poultry, animal products, greenhouse/nursery products, Christmas trees, mushrooms, honey, sod or maple syrup products.

(4) The commodity which accounts for 51% or more of receipts determines the farm type.

## Net Farm Income<sup>(1)</sup> (\$ Millions)

	2001 <sup>p</sup>	2002 <sup>f</sup>	% Chg.
1. Total Farm Cash Receipts .....	8,307.1	8,079.1	-2.7
2. Total Operating Expenses After Rebates ..	6,188.2	5,753.5	-7.0
3. Net Cash Income (1-2) .....	2,118.9	2,325.6	9.8
4. Income In Kind .....	16.9	15.8	-6.5
5. Depreciation Charges .....	1,030.5	1,037.6	0.7
6. Realized Net Income (3+4-5) .....	1,105.3	1,303.7	17.9
7. Value of Inventory Change .....	-330.2	-893.1	170.5
8. Total Net Income (6+7) .....	775.1	410.6	-47.0

(1) Refers to income directly related to the farm business (sales of agricultural commodities and program payments). Income farm operators receive from other sources (such as wages and salaries, investment income and pension income) are excluded.

f - Forecast Estimates released November, 2002.

## Livestock Industry

Alberta continues to report the largest cattle population in Canada, accounting for 41% of the national total in 2002. About 64% of Canadian cattle slaughtering activity takes place in Alberta.

	2001	2002	% Chg.
<b>Livestock on Farms (Head), July 1st</b>			
Cattle and Calves .....	6,500,000	6,387,000	-1.7
Bulls .....	114,000	110,000	-3.5
Milk Cows and Dairy Heifers .....	130,000	128,000	-1.5
Beef Cows and Beef Heifers .....	2,430,000	2,385,000	-1.9
Calves .....	2,146,000	2,146,000	0.0
Slaughter Steers and Heifers .....	1,680,000	1,618,000	-3.7
Pigs .....	2,029,400	2,140,900	5.5
Sheep and Lambs .....	287,000	288,000	0.3

## Livestock Slaughtered (Head)<sup>(1)</sup>

Cattle and Calves .....	2,342,002	2,357,871	0.7
Hogs .....	2,218,087	2,587,197	16.6

## Production Quantity (Tonnes)

Beef .....	836,568	842,284	0.7
Pork .....	191,270	223,099	16.6

## Value of Meat Product Manufacturing Shipments (\$ Millions)

Meat Product Manufacturing .....	5,142.0	4,849.8	-5.7
Animal Slaughtering (Excl. Poultry) .....	3,562.9	3,483.6	-2.2
Other Meat Processing (Incl. Poultry) .....	1,579.1	1,366.2	-13.5

## Value of International Exports (\$ Millions)

Beef and Veal .....	1,715.4	1,640.9	-4.3
Pork .....	218.3	190.9	-12.6

## Farm Cash Receipts (\$ Millions)

Livestock and Livestock Products .....	5,213.9	5,093.2	-2.3
% of Total Farm Cash Receipts .....	62.8%	61.9%	

## Selected Prices (\*Live Weight Basis) .....

	2001	2002
Slaughter Steers, Alberta Direct Packer Sales*, \$/100 lbs .....	102.82	97.18
Central Alberta Steer Calves, 500-600 lbs*, \$/100 lbs ..	158.66	132.52
Alberta Average Slaughter Hogs Index 100 Dressed .....	\$1.65/kg	\$1.28/kg

(1) Federally and provincially inspected slaughter in Alberta, irrespective of origin.

## Dairy Production

<b>Dairy Year From August 1 to July 31</b>	<b>2000-01<sup>f</sup></b>	<b>2001-02</b>	<b>% Chg.</b>
Milk Production (Thousands of Litres) .....	611,389	614,012	0.4
Cream Production (Kilograms) .....	3,026	3,060	1.1

## Poultry and Egg Production

	2001 <sup>f</sup>	2002 <sup>p</sup>	% Chg.
Chicken Meat (Tonnes*) .....	86,129	83,488	-3.1
Turkey Meat (Tonnes*) .....	13,127	-	-
Egg Production (Thousand Dozen) .....	42,593	42,564	-0.1

\* Eviscerated Weight

## Beekeeping Industry

	2001	2002 <sup>f</sup>	% Chg.
Honey Production (Tonnes) .....	12,150	10,907	-10.2
Value of Honey Produced (\$ Thousands) .....	27,488	-	-

## Selected Alternative Livestock Inventory (Head)

	2001	2002 <sup>f</sup>	% Chg.
Whitetail Deer and Mule Deer .....	11,500	11,131	-3.2
Elk .....	42,021	46,506	10.7

## Greenhouse Industry

	2001	2002	% Chg.
Total Greenhouse Area (Sq. Ft '000) .....	10,551	11,537	9.4
Total Sales (\$ Thousands) .....	97,496	104,579	7.3

# Agriculture Statistics

## Crops

	Harvested Acres ('000)		Production ('000 Tonnes)	
	2001	2002	2001	2002
<b>Major Crops</b>				
All Wheat .....	6,430	4,663	5,802.3	3,535.4
Barley .....	4,000	2,700	4,746.4	2,460.3
Canola .....	2,670	1,700	1,632.9	793.8
Oats .....	600	350	592.2	285.3
Flaxseed .....	35	40	20.3	20.3
All Rye .....	85	25	58.4	16.1
<b>Other Crops</b>				
Lentils .....	15	6	5.0	1.9
Dry Peas .....	570	440	506.2	221.6
Dry Beans .....	59	40	59.7	31.7
Chickpeas .....	85	30	20.5	15.9
Mustard Seed .....	50	70	8.5	19.1
Sunflower Seed .....	5	6	2.8	4.1
Corn for Grain .....	3	10	6.6	20.3
Sugar Beets .....	29	25	523.1	344.7
Mixed Grains .....	65	20	53.1	16.3
Tame Hay .....	5,275	5,000	4,309.1	3,039.1
<b>Summerfallow</b> .....	<b>3,100</b>	<b>2,500</b>	<b>n/a</b>	<b>n/a</b>

	Acres		Tonnes	
<b>Commercial Fresh Vegetables and Fruits</b>				
Beans .....	x	215	x	308
Cabbage .....	415	445	4,323	-
Carrots .....	1,205	-	12,238	x
Corn, Sweet .....	5,290	3,950	21,723	14,778
Peas, Green .....	3,345	2,950	5,035	4,513
Raspberries .....	160	150	32	57
Strawberries .....	285	275	195	249

	2001	2002	% Chg.
<b>Value of International Exports (\$ Millions)</b>			
Total Crops .....	1,989	1,444	-27
Wheat .....	1,135	845	-26
Canola Seed .....	441	315	-29
Barley .....	124	61	-50
Other Crops .....	289	223	-23

<b>Farm Cash Receipts (\$ Millions)</b>			
Total Crops .....	2,273.7	2,094.4	-7.9
% of Total Farm Cash Receipts .....	27.4%	25.5%	

## Value of Principal Field Crops (\$/Tonne)

	1998-99	1999-00	2000-01	2001-02
Wheat No. 1 CWRS (13.5%) .....	165.80	151.35	163.25	175.19
Barley* .....	103.15	94.56	108.61	143.59
Canola** .....	338.07	253.05	257.72	-
Oats* .....	116.19	101.37	100.12	180.98
Flaxseed** .....	273.97	189.77	219.43	-
Rye** .....	51.64	79.28	97.50	-

\* Alberta Grain Commission (Red Deer Prices)

\*\* United Grain Growers Cash Prices (Elevator Bids)

## Farm Cash Receipts (\$ Millions)

In 2002, Alberta farmers generated \$8.3 billion in sales of crop and livestock commodities, the second highest amount in Canada after Ontario (\$8.5 billion). Following three consecutive years of growth, Alberta's receipts decreased slightly by 1.0%. The decline was due to reduced sales in both crops (7.9%) and livestock (2.3%). Alberta remains the leading producer of cattle and calves in Canada accounting for one-half of national sales. The province's top three revenue crops are wheat, canola and barley.

	2001 <sup>1</sup>	2002 <sup>1</sup>	% Chg.
<b>Total Farm Cash Receipts</b> .....	<b>8,307.1</b>	<b>8,226.5</b>	<b>-1.0</b>
<b>Crop Receipts</b> .....	<b>2,273.7</b>	<b>2,094.4</b>	<b>-7.9</b>
Wheat .....	913.9	774.6	-15.2
Oats .....	33.9	43.9	29.5
Barley .....	211.7	147.8	-30.2
Net Deferments .....	-44.6	38.8	-187.0
Rye .....	3.5	3.5	0.0
Flaxseed .....	3.9	4.1	5.1
Canola .....	576.0	443.9	-22.9
Sugar Beets .....	19.3	20.1	4.1
Potatoes .....	107.4	146.8	36.7
Vegetables .....	63.0	59.7	-5.2
Floriculture and Nursery .....	110.3	125.3	13.6
Other Crops .....	275.4	285.9	3.8
<b>Livestock and Products Receipts</b> .....	<b>5,213.9</b>	<b>5,093.2</b>	<b>-2.3</b>
Cattle and Calves .....	3,958.5	3,889.2	-1.8
Hogs .....	583.3	521.6	-10.6
Sheep and Lambs .....	14.0	17.0	21.4
Dairy Products .....	348.4	366.8	5.3
Poultry and Eggs .....	198.6	188.8	-4.9
Honey .....	24.3	22.8	-6.2
Other Livestock and Products .....	86.8	87.0	0.2
<b>Total Market Receipts<sup>(1)</sup></b> .....	<b>7,487.6</b>	<b>7,187.6</b>	<b>-4.0</b>
<b>Direct Program Payments</b> .....	<b>819.4</b>	<b>1,038.9</b>	<b>26.8</b>
Crop Insurance .....	243.2	493.6	103.0
Income Disaster Assistance .....	128.9	114.3	-11.3
Other Payments .....	447.3	431.0	-3.6

(1) Market Receipts include total crop receipts plus total livestock and products receipts.

## Did you know that

- On June 28, 2004 Canadians finished paying their tax bill and started working for themselves. According to the Fraser Institute's calculations, all income earned by Canadians prior to June 28 will cover their local, provincial and federal taxes
- A Swedish couple milk three of their fourteen moose and sell the cheese for \$1000 kilogram to up-scale restaurants. By the way, milking a moose takes about two hours a day
- Last year, proceeds from the Canadian Foodgrains Bank growing projects across Canada helped provide 16,500 tonnes of food, as well as seeds and tools, to people in 21 countries

# Grain Monitoring Program - Second Quarter 2003-04 Crop Year Report Released

Quorum Corporation has released the Second Quarter Report of the Grain Monitor for the 2003-04 Crop Year.

**Production:** Overall grain production for the 2003-04 crop year climbed to 47.7 million tonnes - a gain of 51.1% over that of the 2002-03 crop year. In conjunction with 5.5 million tonnes in carry-forward stocks, the overall volume of grain made available for movement during the 2003-04 crop year totaled 53.1 million tonnes - some 15.5 million tonnes (or 41.3%) more than in the 2002-03 crop year.

**Railway Traffic:** Railway movements during the first half increased by 61.3% from the same period a year earlier to 10.2 million tonnes, reflecting the greater volume of grain available for movement. Traffic to all Western Canadian ports experienced an increase; volume to Vancouver increased by 245.2% to 5.6 million tonnes, reflecting the settlement of the labour dispute that had disrupted movements in the previous crop year; Prince Rupert volume fell by 49.8% to 0.9 million tonnes. Volume to Thunder Bay increased 23.4% to 3.3 million tonnes; Churchill volume increased by 111.8% to 0.4 million tonnes.

**Country and Terminal Infrastructure:** The pace of industry restructuring has abated significantly, with the number of primary elevators falling to 410, six less than the year before. The number of grain delivery points fell by three to 286 and storage capacity decreased by 0.2%, effectively remaining at 5.7 million tonnes. The number of licensed terminal elevators located within Western Canada fell by one.

**Railway Infrastructure:** Western Canadian rail network remained unchanged, however the abandonment of a total of 129.1 route-miles of infrastructure is pending for Southern Manitoba Railway (64.0 miles) and Canadian Pacific Railway (65.1 miles).

The Great Western Railway placed its 329.1-route-mile operation up for sale in the second quarter resulting with local farmers mounting an effort to purchase the line. This transaction is contingent on financing.

CN made a successful bid to purchase BC Rail in a deal valued at \$1.0 billion.

**Tendering:** The Canadian Wheat Board (CWB) brought forward a series of changes to its existing tendering program for the 2003-04 crop year, committing itself to moving a fixed 40% of its overall grain movements to western ports under a program that combined tendering as well as advance car awards, with tendering itself constituting a maximum of 20% of the overall movement.

In the first six months of the 2003-04 crop year, the CWB issued 99 tender calls for the movement of over 1.3 million tonnes of grain and was met by 978 bids offering to move an aggregated 5.4 million tonnes. The CWB awarded a total of 199 contracts for the movement of an aggregated 1.1 million tonnes of grain, which represented a proportion marginally lower than its 20% annual commitment.

The aggressiveness of bid responses continued into the second quarter was significantly more intense than at any other period under the GMP. This has been substantiated by maximum accepted bids for both wheat and durum - which reached \$23.04 per tonne and \$24.07 per tonne respectively - that were more than one-third higher than the maximums for the entire 2002-03 crop year. The Transportation Savings generated by the CWB during the first half came in at \$19.1 million - a full \$6.3 million (or 49.2%) more than the \$12.8 million recorded for the same period a year earlier. This came despite a 60% rollback in the percentage of grain to be moved under tender and a 38.1% decline in the volume of grain moved under tender during the first half - 1.1

## Grain Monitoring Program - cont'd

million tonnes versus 1.8 million tonnes the year before.

**Ocean Freight Rates:** Ocean freight rates remained extremely high into the second quarter of this crop year and continued to have a significant impact on the export programs for CWB and non-CWB grains and added significantly to the cost of Canadian grain. By 31 January 2004, ocean freight rates had climbed to five-and-a-half times what they were just 24 months before. In some case, export grain customers have consciously deferred purchasing Canadian grain in the hope that ocean freight rates would moderate. In others, they have turned to less distant grain-exporting nations in an effort to contain these rising costs.

**Railway car supply:** Car supply problems began to significantly impact GHTS operations in the second quarter. Hard-hit by adverse winter operating conditions, CP embargoed grain traffic to the west coast in late January 2004, causing CP customers to redirect grain traffic through CN-served facilities wherever possible.

**Producer-Car Loading:** The 3,902 producer-cars loaded in the first half was more than four times the 975 loaded during the same period a year earlier. This represented just under two-thirds - 58.9% - of the actual 6,626 applications for railcars that the Canadian Grain Commission received for this period. Car supply continued to be a problem for those who wanted to avail themselves of the producer-car loading option. Complaints of inadequate car supply have continued.

Also, it is noted that the number of producer-car-loading sites fell by 3.9% to 498 in the first half.

**Rail Operations:** Average car cycle decreased by 11.8% to 17.3 days during the first half of the crop year compared to last year, but up slightly from the first quarters 16.8 days, a typical trend when moving from the autumn to winter operation. Railway incentive payments were estimated at \$33.3 million for the first half - up 82.3% from the previous year, again reflecting the effects of increased grain volumes and higher discounts. The average-earned discount reached \$4.53 per tonne in the first half.

**Railway Freight Rates:** In this year's Q1 report, the Monitor reported the changes in the incentive rate structure between CN and CP, which effectively made CP the more price-competitive Class 1 carrier in Western Canada. It was also reported that these changes appeared to prompt an increase in CP's market share in the first quarter. However, the second quarter saw CP's share fall to 46.6%, and to 50.8% on a year-to-date basis. To a large extent, this decline appears to reflect the effects of a difficult winter on CP's operations. It may also reflect how some shippers, disaffected by CP's operating problems, were moved to employ CN as a secondary service provider.

**Revisions to the Calculation of Producer Netback on CWB Grains:** In the 2002-03 Crop Year, the CWB made changes in the method of report Pool Account information. As the primary source of information on the "CWB costs" component of the Producer Netback measures, the GMP measures were also forced to change. In making this change, the Monitor was compelled to base its analysis on the total revenues reported for wheat and durum in the CWB's pool accounts rather than on in-store Vancouver and St. Lawrence prices. Accordingly, a weighted average price for both wheat and durum replaced the CWB Final Prices for 1CWRS wheat and 1CWA durum that had previously been used in calculating the producer's netback. This meant that the generalized results obtained in the calculations pertaining to CWB grains could no longer be directly compared with those calculated for non-CWB commodities.

In order to allow for the grade-specific analysis that had originally been started under the GMP, the CWB

## Grain Monitoring Program - cont'd

agreed to provide the Monitor with a sufficiently detailed reporting of the wheat and durum pool accounts so as to re-establish an in-store price comparison of 1CWRS wheat and 1CWA durum at their Vancouver and St. Lawrence positions. As a result, the Monitor has been able to re-determine the values presented in its annual report for the 2002-03 crop year to be consistent with the methodology used previously under the GMP. The data used in the re-determination is both comparable on a year-over-year basis, and with the non-CWB commodities used in the analysis of producer netback. This Quarters report includes a restatement of all the 2002-03 Producer Netback measures to reflect these changes.

The Supply Chain: The amount of time being taken by grain in its movement through the supply chain during the first quarter of the 2003-04 crop year averaged 68.4. This is down 1.3 days from the Q1 average of 69.7 days and a marked improvement from the average of 79.7 days experienced in the 2002-03 crop year.

For more information on the Q2 2003-04 Report of the Grain Monitor, Quorum Corporation or the Grain Monitoring Program contact:

Mark Hemmes, Bruce McFadden or Marcel Beaulieu at: Quorum Corporation, (780) 447-2111

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# **THE \$ 35 MILLION QUESTION**

## **Information on the Farmer Rail Car Coalition**

**Question:** Why are farmers paying the railways \$4,329 per car per year\* to maintain the federal hopper car fleet, when the Farmer Rail Car Coalition (FRCC) has quotes to do the same work for \$1,500 per car per year?

**Fact:** The FRCC will achieve a savings of approximately \$2,800 per car per year in maintenance through competitive tendering. (13,000 hopper cars x \$2,800 per car per year savings = \$35,000,000 +)

**Fact:** The FRCC will use the savings to refurbish and replace the railcar fleet over the next 25 years with no additional freight costs. On average, the Federal Hopper Car Fleet has 25 years useful service life remaining.

**Fact:** The FRCC will ensure long term capacity and maintain the fleet to a higher standard.

**Fact:** The FRCC will minimize lease rates for the railcars, while other owners will maximize rates.

The FRCC is the only group with a plan that ensures hopper car capacity into the future that will save farmers money.

\* Source: Canadian Transportation Agency, April 1, 2004

### **FRCC Members**

- Agricultural Producers Association of Saskatchewan
- Alberta Association of Municipal Districts and Counties
- Alberta Pulse Growers
- Family Farm Foundation
- Hudson Bay Route Association
- Keystone Agricultural Producers
- Manitoba Pulse Growers Association
- National Farmers Union
- Prairie Producer Car Shippers Association
- Saskatchewan Association of Rural Municipalities
- Saskatchewan Pulse Growers Association
- Southern Rail Cooperative
- West Central Road & Rail Ltd.
- Wild Rose Agricultural Producers
- Winter Cereals Canada

### **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**



# WILD ROSE AGRICULTURAL PRODUCERS DIRECTORY OF OFFICIALS 2004

EXECUTIVE	Address	Telephone	Fax	Area Code	e-mail
Bill Dobson, <b>President</b>	Box 36, Paradise Valley, T0B3R0	745-2442	745-2062	780	wadobson@telusplanet.net
Keith Degenhardt, <b>1st V.P.</b>	Gen. Del., Hughenden, T0B2E0	856-2383	856-2383	780	kjdegen@telusplanet.net
Terry Murray, <b>2nd V.P.</b>	Box 2936, Wainwright, T9W1S8	842-2336	842-6620	780	tmurray@telusplanet.net
<b>BOARD OF DIRECTORS</b>					
Neil Wagstaff	Box 593, Elnora T0M0V0	773-3599	773-3599	403	neilwag@agt.net
Keith Degenhardt	Gen. Del., Hughenden, T0B2E0	856-2383	856-2383	780	kjdegen@telusplanet.net
John Sloan	10021 - 106 Ave. Grande Prairie, T8V 1J6	539-2004	539-2732	780	sloan@gprc.ab.ca
Bill Dobson	Box 36, Paradise Valley, T0B3R0	745-2442	745-2062	780	wadobson@telusplanet.net
Robert Filkohazy	Box 33, Hussar, T0J1S0	641-2480	641-2480	403	rafilko@telus.net
Doris Ludlage	Box 370, Elk Point, T0A1A0	724-4118	724-4181	780	tludlage@mcsnet.ca
Terry Murray	Box 2936, Wainwright, T9W1S8	842-2336	842-6620	780	tmurray@telusplanet.net
Brent McBean	Box 12, Site 12, R.R. 1, Strathmore, T1P1J6	734-2281	734-2280	403	mcfarms@telusplanet.net
Lynn Jacobson	Box 1914, Enchant, T0K0V0	739-2153	739-2379	403	l_jacob@telusplanet.net
<b>REGIONAL DIRECTORS &amp; CONTACTS</b>					
Irv Macklin, Region 1	R.R. 1, Wanham, T0H3P0	694-2375	694-2378	780	telliry@telusplanet.net
Ron Matula, Region 2	Box 1336, High Prairie, T0G1E0	523-2953	523-1904	780	ronsnow@telusplanet.net
Emil Schiller, Region 3	Box 117, Flatbush, T0G0Z0	681-3782	681-3782	780	
Glenn Flanders, Region 4	Box 14, Elk Point, T0A1A0	724-2269	724-4740	780	
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Terry Lee Degenhardt, Region 7	Gen. Del., Hughenden, T0B2E0	856-2383	856-2383	780	kjdegen@telusplanet.net
Humphrey Banack, Region 8	Box 6, Round Hill, T0B3Z0	672-6068	672-2587	780	
Alan Holt, Region 9	R. R. 1, Bashaw, T0B0H0	372-3816	372-4316	780	eaholt@telusplanet.net
Robert Filkohazy, Region 10	Box 33, Hussar, T0J1S0	641-2480	641-2480	703	rafilko@telusplanet.net
Jim Deleff, Region 11	Box 388, Consort, T0C1B0	577-3793	577-3793	403	lynndealeff@hotmail.com
Vacant, Region 12					
Ken Graumans, Region 13	Box 85, Seven Persons, T0K1Z0	832-2451	832-2044	403	graumans@telusplanet.net
Paul Thibodeau, Region 14	5204-47 St. Taber, T1G1G6	223-9087	223-0174	403	
(contact) Jim Allan, Region 15	Box 133, Berwyn, T0H0E0	338-2260	No fax	780	
<b>OFFICE ADMINISTRATION</b>					
Rod Scarlett, <b>Executive Director</b>	#102, 115 Portage Close, Sherwood Park, T8H2R5  Website: www.wrap.ab.ca	416-6530	416-6531	780	wrap@planet.eon.net