

Alberta Livestock & Meat Strategy

Alberta Farm Recovery Plan II Breakout Session



Alberta Agriculture and Rural Development
June 5, 2008

The Livestock and Meat Industry is in Crisis

- Feed prices have increased more than 50%
- 18% increase in the Canadian currency over the past 16 months
- New costs incurred to facilitate environmental safeguarding, food safety, and export requirements
- U.S. operations have “subsidized” biofuel by-products in feed rations
- Alberta livestock products branding is not attracting premium returns in key markets

Industry Reports

- Beef and Pork Industry reviews have resulted in a livestock competitiveness strategy requiring:
 - Industry action to brand and differentiate their product
 - Ongoing Government support while strategy is implemented and evolves

Programs Currently Available to Alberta Livestock Producers

- Federally Cost Share
 - AgriInvest
 - AgriStability

- Alberta Initiatives
 - ARMI
 - AFRP
 - AFRP II

What is the Alberta Farm Recovery Plan II?

- An Alberta initiative to help the provincial livestock industry
- Ongoing support while the longer-term competitive strategy is implemented
- Expected to provide \$300 million to livestock producers in two installments

Who is eligible for AFRP II?

- **First payment** of \$150 million - All Alberta livestock producers who actively farmed in the 2006 and 2007 years
- **Second payment** of \$150 million – All above producers and is contingent on verification of the producer's compliance with:
 - Age verification
 - Premise identification
 - Industry progress towards animal movement

AFRP II Compliance Requirements

To receive the 2nd payment, producers will need to submit a Statement of Compliance which includes an authorization form that allows AFSC access to the producers' information

How is AFRP II Calculated?

- Based on a combined feed proxy using 2006 Livestock information as a basis
- Calves, Feeder Cattle, & Feeder Hogs:
 - Based on weight gained during the year multiplied by a feed proxy for specific animal type
- All other Livestock including Breeding Animals for Cattle and Hogs:
 - Average of opening and closing inventory for the year multiplied by a feed proxy for specific animal type

How to Apply for AFRP II?

- Those who participated in AFRP do not need to submit any further information
- Those who did not participate in AFRP will be required to complete an application form

ARFP II Payments to Producers

- **First Payment** of \$150 million is targeted to be delivered immediately after the announcement
- **Second Payment** of \$150 million is expected to be delivered in January 2009, contingent on verification of the producer's compliance with:
 - Age verification
 - Premise identification
 - Industry progress towards animal movement

Example: Cow/Calf Operation

Breeding Livestock Description	Beginning Inventory	End Inventory	Average	Proxy Per Unit	Adjustment
Bulls HR	2	2.0	2.0	\$ 39.420	78.84
Cows Bred	55	60.0	57.5	\$ 52.464	3,016.68
Cows Culls	5	5.0	5.0	\$ 33.261	166.30
Breeding Livestock Total Feed Proxy Adjustment					\$3,261.82

Feeder Cattle Only (based on weight gain in lbs)	Beginning Inventory		Births		Sales		Deaths		Ending Inventory		lbs gained	Proxy Per Unit	Adjustment
	Inventory	Weight lbs	Inventory	Weight lbs	Inventory	Weight lbs	Inventory	Weight lbs	Inventory	Weight lbs			
Home Raised Calves	50	600			40	850				600	4,000	\$ 0.128	512.00
Home Raised Calves		600	55	400			5	400	50	600	10,000	\$ 0.128	1,280.00
					Number of Head Transferred to Breeding Herd				10	900	9,000	\$ 0.128	1,152.00
Feeder Livestock Total Feed Proxy Adjustment													\$2,944.00

Breeding Livestock Total Feed Proxy Adjustment	\$3,261.82
Feeder Livestock Total Feed Proxy Adjustment	\$2,944.00
Total Feed Proxy	\$6,205.82
AFRP II Payments	
1st Payment	\$3,102.91
2nd Payment	\$3,102.91
	\$6,205.82

Example: Feeder Cattle Operation

Feeder Cattle Only (based on weight gain in lbs)	Beginning Inventory		Purchases		Sales		Deaths		Ending Inventory		lbs gained	Proxy Per Unit	Adjustment	
	Inventory	Weight lbs	Inventory	Weight lbs	Inventory	Weight lbs	Inventory	Weight lbs	Inventory	Weight lbs				
Feeder Cattle	2500	850	5000	600	4950	1250	50	600	2500	850	3,217,500	\$ 0.128	411,840.00	
Number of Head Transferred to Breeding Herd										0	900	0	\$ 0.128	-
Feeder Livestock Total Feed Proxy Adjustment												\$411,840.00		

Breeding Livestock Total Feed Proxy Adjustment												
Feeder Livestock Total Feed Proxy Adjustment												\$411,840.00
Total Feed Proxy												\$411,840.00
AFRP II Payments												
1st Payment												\$205,920.00
2nd Payment												\$205,920.00
												\$411,840.00

Example: Hog Operation

Hog Feeders	Median Weight Change in (lbs)	Beginning Inventory	Purchases Inventory	Sales Inventory	Ending Inventory	Weight Gain (pounds)	Proxy Per Unit	Adjustment
Weaners	25	2250.0			2200.0	-1,250	\$0.101	-\$126.00
Growers	65	2300.0			2400.0	6,500	\$0.101	\$655.20
Finishers	160	3100.0			3200.0	16,000	\$0.101	\$1,612.80
Market Hogs	225			17500.0		3,937,500	\$0.101	\$396,900.00
Hog Feeder Total Feed Proxy Adjustment								\$399,042.00

Hog Breeding Livestock	Beginning Inventory	Ending Inventory	Average	Proxy Per Unit	Adjustment
Boars	46.0	50.0	48.0	\$40.24	\$1,931.75
Sows	750.0	800.0	775.0	\$40.24	\$31,189.72
Gilts	0.0	30.0	15.0	\$40.24	\$603.67
Hog Breeding Livestock Total Feed Proxy Adjustment					\$33,725.14

Hog Feeder Total Feed Proxy Adjustment	\$399,042.00
Hog Breeding Livestock Total Feed Proxy Adjustment	\$33,725.14
Total Feed Proxy	\$432,767.14

Questions and Answers
