



January 23, 2012

AgriStability and End-of-Year Inventory Count

For producers participating in the AgriStability program, counting inventory at tax year-end (December 31 for most producers) is an important task. Accuracy with year-end inventory lends itself to accuracy for the whole application.

“Rather than trusting such an important task to memory, it’s important for participants to take an hour or two as close to their year-end as possible,” says Kaye Ford, senior analyst risk management division with Agriculture Financial Services Corporation (AFSC). “Producer participants need to count and record year-end inventory and store the information in a safe place so that it is readily available when it is time to complete the forms.”

Typically, the earlier the forms are filed, the more accurate the inventory information is and the sooner the claim can be processed. Completing the AgriStability Supplementary Forms is often one of the first items producers want to strike off their New Year’s to-do list.

“Information is available to help producers complete their forms,” says Ford. “The information is located on the AFSC website at www.afsc.ca, under the Risk Management tab, click on AgriStability and then on the 2011 AgriStability Supplementary Forms Guide. Instructions and tips are located throughout the online guide to assist producers.”

Producers who require additional help with forms, can contact AFSC’s AgriStability staff located around the province available to answer questions and review forms. Contact the AFSC Call Centre at 1-877-899-AFSC (2372) or visit the website to locate the offices where the AgriStability Field Analysts are located.

AgriStability is a federal, provincial, and territorial Initiative under Growing Forward.

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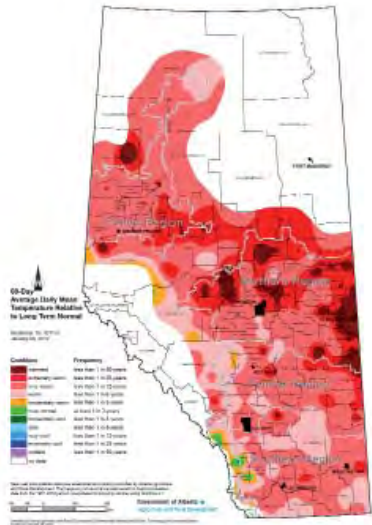
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Moisture Situation Update

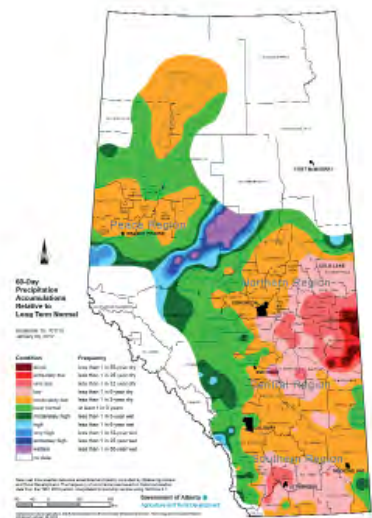
Most of Alberta has been experiencing unusually warm and dry winter weather, with temperatures and snowpack accumulations for some areas at record extremes over the entire period of observation (1961-2011).

60-day temperatures relative to normal as of January 8, 2012



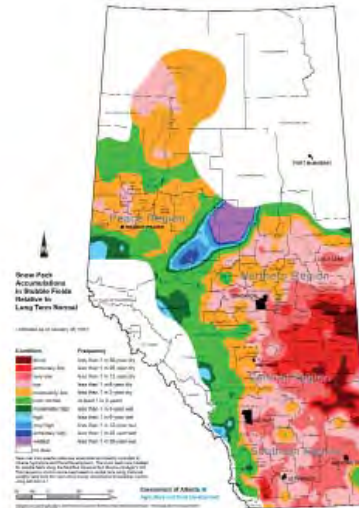
- Over the past 60-days (November 10, 2011 to January 8, 2012), average daily temperatures relative to normal are classified as being at least 1-in-12-year highs across most of the province, with several areas being the warmest during the 51-year period of observation (1961-2011).

60-day precipitation accumulations relative to normal as of January 8, 2012



- Over the same 60-day period, precipitation accumulations are estimated to be at least 1-in-3-year lows for most areas east of Highway 2, with parts of east-central Alberta being the driest during the entire period of observation (1961-2011).

Snowpacks relative to long-term normal as of January 8, 2012



- Warm weather has also led to unseasonable snowpack losses, with many areas east of Highway 2 and south of the Yellowhead Highway classified as being, at least, in 12-year lows, with large parts of east central Alberta not seeing snowpacks this low during the entire 1961-2011 observation period.

“To put this information into perspective, across Alberta’s agricultural areas, the six-month period, between October and March, is Alberta’s dry season and only accounts for about 24 to 30 per cent of average annual precipitation, ranging from about 100 mm across the central region to upwards of 140 mm across the Peace region,” says Ralph Wright, soil moisture specialist with Alberta Agriculture and Rural Development. “A dry winter receiving only 50 per cent of average precipitation accumulations amounts to a deficit of 50 to 70 mm. However, this can easily be made up in the spring or early summer, with above average accumulations.”

February is typically the driest month of the year across the agricultural areas of Alberta, with 50-year averages ranging from 5 to 10 mm across parts of the Special Areas, to 20 to 30 mm across much of the Peace Region.

“It is very difficult to reliably predict what the remainder of the winter will be like,” says Wright. “History has shown that Alberta is a land of extremes, and dramatic swings between prolonged dry, wet, warm and cold periods are not uncommon.”

Additional maps can be found at www.agric.gov.ab.ca/app116/quick.jsp

Near-real-time hourly station data can be viewed and downloaded at www.agric.gov.ab.ca/app116/stationview.jsp

Note: Data has about a two-hour delay and is displayed in MST.

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Connecting Rural Households to High-Speed Internet

The Government of Alberta is working with municipalities and industry to provide access to high-speed Internet in unserved areas of rural Alberta.

“All Albertans should have access to high-speed Internet. For our rural communities, it’s essential to future economic competitiveness and vitality,” said Premier Alison Redford. “SuperNet was a good start delivering access to more than 420 communities. We are building on that and keeping our commitment to ensure Albertans - regardless of where they live - are just one click away from a world of opportunity.”

The Final Mile Rural Connectivity Initiative will help close existing service gaps and ensure reliable, high-speed Internet is available to at least 98 per cent of Albertans. About six per cent or 72,000 households in rural Alberta are currently without access to high-speed Internet service.

“Albertans know the foundational role Internet plays for families and businesses and the challenges for those who don’t currently have access,” said Manmeet Bhullar, Minister of Service Alberta. “Although the answer is not one size fits all, Premier Allison Redford and our government are delivering the range of solutions necessary to provide rural Albertans with high-speed Internet.”

Included in the Initiative is the \$5-million Final Mile Rural Community Program, inviting local governments who plan to provide high-speed Internet in their communities to apply for provincial funding to support or expedite their plans.

“This is about kids who want to research homework, families that want to stay connected and farmers and ranchers who want to market their products,” said Evan Berger, Minister of Agriculture and Rural Development. “Municipalities are key to the solutions. They know the challenges, they have ideas. Working together we will see more households with access to a critical service.”

High-speed Internet infrastructure costs such as towers, equipment and technology, fibre optic cable, wireless equipment, installation costs and radio license fees are eligible to receive Final Mile Rural Community Program funding. Up to 75 per cent of eligible project costs may be covered by the Program. Applicants are required to submit a program application form on or before March 31, 2012. To apply or for specific program information, visit www.rural.alberta.ca or phone 780-427-2409.

Government will work with municipalities looking for other options by:

- Working with Internet providers to provide connectivity to rural households through the most effective and efficient technologies available (i.e. wireless, mobile sticks, satellite, leveraging off the Alberta SuperNet).
- Developing an “in-fill” program to provide connectivity to Albertans in served areas who are still without access due to geographical challenges.

Implementation to ensure high-speed access for all Albertans involves a range of solutions and requires comprehensive mapping of the province by the Government of Alberta, working with the Alberta Association of Municipal Districts and Counties (AAMDC), the Alberta Urban Municipalities Associations (AUMA), the federal government, municipalities and Internet service providers to pinpoint which households do not have Internet access.

For more information on the Final Mile Rural Community Program visit www.rural.alberta.ca or phone 780-427-2409.

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Wheat and Barley Market Opportunities and Implications

With the recent addition of marketing choice for wheat and barley producers, there may also be changes to a farm’s risk-return profile. While the new marketing choice system offers some obvious upside opportunities there may also be some downside farm level consequences. One possible outcome may be increased price risk and volatility. This will have both positive and negative impacts on net income variability.

“In the past, the Canadian Wheat Board (CWB) absorbed a considerable amount of flat price risk in their pools by using multiple sales along with futures based instruments,” says Bruce Viney, risk management specialist with Alberta Agriculture and Rural Development. “The result was a general smoothing of prices that took away some of the high prices as well as some of the low prices. In the future, producers that choose not to use pooling strategies in order to capture higher pricing opportunities may also be exposed to greater downside

risks. Depending on a farm's portfolio of crops and other assets, the resulting downside risk levels may require some alternative management strategies."

When a typical farm business is analyzed in the context of the capital markets, it becomes clear that many different strategic decisions can be made to adjust the farm's risk-reward profile to an acceptable level. A diversified crop and enterprise structure is just one example of a strategic decision alternative.

"Disciplined use of futures and options may also be helpful to some producers in both protecting down-side risk while allowing them to exploit higher pricing opportunities," adds Viney. "The potential benefits from these more volatile markets can be measured using simulation and traditional option pricing theories that calculate the actual probability of achieving higher target prices resulting from increased volatility. The likelihood of observing deeply discounted prices is another measurable feature that may need consideration by some producers. If a farm's financial position cannot survive the possibility of a deeper series of unexpectedly low prices, alternative business and financial management strategies must be considered."

Income variability arising from a farm's production and marketing efforts is commonly referred to as 'business risk' while financial risk is simply the business risk magnified by leverage. In the case where a farm's business risk management systems do not sufficiently reduce down-side risk, management of the farm's debt becomes an even more critical success factor.

"Another strategy for managing risk starts with a detailed knowledge of the farm's cost of production," says Viney. "Knowing individual crop costs, breakeven price levels, and return sensitivities can give producers the knowledge and confidence to act on their marketing and risk management plans. Designing these plans can help producers capture higher profits while reducing the likelihood of large losses."

Currently Alberta Agriculture and Rural Development has several tools that can assist producers in assessing their costs and returns. Agri-Profit\$ is an Alberta Agriculture program that can provide farmers with detailed information on their own operation including unit costing. The Alberta Agriculture's Crop Choice\$, a downloadable software program, can also help producers get a handle on their risk by forecasting margin levels and calculating the probability of achieving them. Crop Choice\$ results are presented in easy to read tables and graphs including a risk-return trade-off chart.

"Ultimately successful producers will manage both their upside opportunities and downside risks to build a more competitive and sustainable agriculture industry," says Viney.

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What's the Buzz about Honey?

"Honey generates more than \$56 M for the 760 beekeepers in Alberta," says Dr. Medhat Nasr, provincial apiculturist, "and most of that honey leaves the province."

Last year Alberta beekeepers produced more than 40 per cent of the honey in Canada. Much of the province's honey is exported to the USA, Japan and Europe. To secure global market access, Alberta beekeepers work hard to produce safe, quality honey.

"The production of safe honey requires a safe environment which beekeepers work hard to ensure through the implementation of good agricultural practices" says Todd Eastman, a director with Alberta Beekeepers and chair of their food safety committee. "As beekeeping becomes more intensive, beekeepers are finding that pests and diseases of bees are more of a problem. If these problems become severe enough, beekeepers have to resort to using agricultural chemicals." "Proper use of these agricultural chemicals is critical to maintaining the reputation Alberta has for its quality honey" says Nasr. It is important that beekeepers continue to handle, use and store these agricultural chemical, including veterinarian drugs, in a safe manner."

The Alberta Beekeepers Commission, in partnership with Alberta Agriculture and Rural Development, is offering five one-day workshops to inform beekeepers about the safe use of agricultural chemicals. Beekeepers will learn:

- to identify the pests and diseases of bees and the various control options available
- to properly apply, store and dispose the products used to control pests and diseases
- the timing of harvesting may impact the marketability of honey
- the Canadian and international guidelines for safe quality honey

Workshops are being held in:

- Lethbridge on February 2, 2012
- Peace River on February 16, 2012
- Edmonton on February 22
- St. Paul area on February 28, 2012
- Westlock on March 1, 2012

The cost of a workshop is \$25 per person. All sessions are from 9:00 a.m. to 3:30 p.m. Pre-registration is required. Call toll free at 1-800-387-6030 to register. Deadline for registration is five days prior to each workshop.

The workshops are being supported by Growing Forward, a Federal/Provincial/Territorial Initiative.

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Irrigated Crop Production Update – 2012

Maximizing the Productivity and Profitability of Irrigated Agriculture is the theme of the 2012 Irrigated Crop Production conference. The information and presentations on the agenda provide a wide-range of topics valuable to producers in irrigation areas of the province.

As well as a look of the 2011 crop year in review, the presentations included will focus on the following general themes:

- rotation management
- agronomic management
- pest management
- irrigation equipment
- irrigated crops
- water management
- financial management
- looking forward – innovations, opportunities and future directions

“Of particular note, Dr. Bob Blackshaw will be delivering a talk on glyphosate resistant kochia found in southern Alberta,” says Dr. Ross McKenzie, research scientist – agronomy, with Alberta Agriculture and Rural Development. “This will be a very important presentation for farmers.”

The 2012 conference is being held at the Lethbridge Lodge on January 31 and February 1, 2012. The early bird registration deadline has passed. Regular registration is \$100 per person. Registration is limited to 300 participants, and advance registration is recommended.

For further information, contact McKenzie at 403-381-5842. To register, contact Bev McIlroy at 403-381-5171.

*Contact: Dr. Ross McKenzie
403-381-5842*

Lean and Food Safety Online Resource Training

As 2012 begins, many Alberta processors are looking for new ways to improve productivity and increase efficiency while maintaining food safety standards.

Attend one of the half-day sessions in Edmonton or Calgary to learn about The Lean Journey, an online training resource. It is an interactive resource specifically for the food processing industry to learn about continuous improvement through lean thinking principles and tools. The February sessions will provide an overview of lean thinking and some of the tools available such as The 7 Wastes and Value Stream Mapping.

Attendees will be introduced to the new food safety module that demonstrates how the lean approach and food safety principles and practices can complement each other.

The hands-on web resource is ideal for owners, managers, and line staff looking to incorporate lean principles into their production processes.

“The practical, user-friendly tools included in The Lean Journey provide an easy way to introduce lean thinking to your business,” says Nicola Stevens, productivity improvement initiative lead with Alberta Agriculture and Rural Development. “The new food safety module shows how food safety and lean thinking principles can work together to improve your business performance.”

To register for Lean + Food Safety training by February 1, call Cherril Guennewig at 780-422-2004, toll-free by dialing 310-0000 first. Space is limited. For more information on The Lean Journey online tool, please visit www.agriculture.alberta.ca/productivity.

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Alberta Farm Fresh Local Food Short Course 2012

For Albertans considering getting into horticulture crop production, or crop or livestock producers thinking about diversifying their existing operation who have fruits or vegetables on their list of “maybe” crops, the 2012 Alberta Farm Fresh Local Food Short Course can help. Alberta producers who are involved in or are interested in getting into direct marketed production of fruit, vegetables or protein, will find a wealth of information presented at this short course which was formerly known as the Berry and Vegetable School. This year, the course is being held in Red Deer on March 1 and 2, 2012.

“This conference is an opportunity for new, potential or experienced fruit, vegetable and direct market protein producers to learn and interact,” says Robert Spencer, commercial horticulture specialist with Alberta Agriculture and Rural Development. “This year’s schedule includes introductory and advanced streams, with fruit-related topics on the first day and vegetable-related topics on the second day and a protein stream that runs both days. Truly, there is something for everyone.”

The event is an opportunity for new or potential producers to learn about strawberry, raspberry, Saskatoon berry and field vegetable production in an interactive setting. Sessions on the agenda also give producers a chance to learn about protein production and marketing, or find out more about the various

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diseases and insect pests and their crop management. “Find out what things need to be considered when starting up new ventures,” says Spencer, “and hear about some of the things that experienced producers think you should do or avoid doing, in order to be successful.”

For the more experienced producers, be prepared to participate in interactive sessions that delve into more detail on topics such as soil management, post-harvest handling, food safety, new and potential vegetable and strawberry varieties and potential fruit pest issues, among others.

“This short course is a notable opportunity to learn a lot more about direct marketing channels and their ins and outs, agri-tourism and community supported agriculture operations (CSAs) for fruits, vegetables and animals, plus how to access financial assistance and how to make sense of current government programs,” says Spencer.

“Regardless of what sessions you participate in, you’ll find lots of opportunities to learn, network and share your own knowledge and experiences with other participants. Come for one or two days.”

A tentative agenda and registration information are available on the Alberta Farm Fresh Producers Association website (www.albertafarmfresh.com).

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Agri-News Briefs

Ranching Opportunities Conference

From Farm to Finish – this conference will present ideas and opportunities for growing a ranching business. The conference is being held at Olds College on February 16, 2012. Participants will discover new ways to manage livestock, explore options for marketing product and learn about the challenges and achievements of successful ranchers. Registration deadline is February 10. For more information or to register, contact Ken Lewis, Red Deer County, at 403-342-8653 or email kewis@rdcounty.ca

Grain and Oilseed Marketing Course

A four-day grain marketing course is being held in three locations in the province early in 2012. This will be a basic level course that will help producers more fully understand basis, futures, options, contracts and strategies for grain marketing. Primary instructor is farm marketing advisor, Neil Blue. Registration for this four-day course is \$500 per person, plus GST, which includes course materials and lunches. The course is being held in:

- Lloydminster – February 13 – 16
- Leduc – March 5 – 8
- Forestburg – (course is expanded to six days) March 12 to 14, 16, 19 and 23

For further information, contact Blue at 780-853-6929. To register, contact the Alberta Canola Producers Commission (ACPC) office at 1-800-551-6652 or visit the ACPC website at www.canola.ab.ca