

Renewal Now!

Business ideas, information and programs for exploring opportunities in agriculture. **Spring 2009**

Best Practices Award winners for 2009 announced

Three producers were recognized at the February 11 AgChoices event for their innovative plans to grow for the future.



It was a tough task for the judges, but when the winners of the 2009 Best Practices Award were announced, it was easy to see why Claude and Judy Kolk, Tamara Taylor and Kirstin Kotelko are so deserving of recognition.

The announcement was made by the Honourable George Groeneveld, Alberta's Minister of Agriculture and Rural Development, during the AgChoices 2009 conference held February 11 at the Capri Centre in Red Deer.

"From many outstanding entries, judges chose these three producers for the 2009 Best Practices Award," said the Minister, "based on the clarity of their vision, the feasibility of their planning and the potential to add value to their operations."



Honourable George Groeneveld, Minister of Alberta Agriculture and Rural Development with Tamara Taylor, Ravenwood Farm Fresh Meats.

Each of the winners received a customizable prize package valued up to \$10,000 to allow them to take their business idea to the next level.

Meet the winners

Claude and Judy Kolk of Kayben Farms near Okotoks have built an innovative farm business that includes landscaping, a tree nursery, a fruit orchard and a greenhouse. In 2009, the Kolks plan to expand their business to include agri-tourism activities, a café and a fruit processing facility.

"We are very excited about where we're going," said Judy Kolk, "and look forward to making our vision come true."

Tamara Taylor, her husband Mark and her parents Dayle and Alice Murray raise and direct-market their own farm-grown livestock through Ravenwood Farm Fresh Meats in Caroline. For this farm family, expansion is very much on the menu for 2009. They expect to add a goat milk dairy, expand their product line and add to their retail space.

"This is more than a business to us," said Tamara Taylor. "It's great to see everything come together and the prize package will help us realize our goals for the future."

Kirstin Kotelko, President of Spring Creek Ranch Inc., plans to expand the value chain for her Spring Creek Ranch branded beef. This includes developing criteria to reward ranchers who supply the program and a system to track meat quality data.



Claude and Judy Kolk of Kayben Farms, Okotoks, Alberta.

She attributes much of her success to the unique partnership she enjoys with her father Bern.

"My dad is passionate about the production of the animals," said Kotelko, "and I'm passionate about the food."

The Best Practices Awards are made possible by the Agricultural Policy Framework, a federal-provincial-territorial initiative.

Look for in-depth stories on each of the 2009 Best Practices Awards winners in upcoming issues of this publication.

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Conference organizer, Wendy McCormick and Honourable George Groeneveld, Minister of Alberta Agriculture and Rural Development with Kirstin Kotelko of Spring Creek Ranch Inc.

Shochu barley exports hit 10,000 tonnes

The enjoyment of shochu, a distilled beverage made from grain, has been part of Japanese culture for 500 years. Over the last few years, this highly traditional drink has been made from a very *un*-traditional source: Alberta-grown barley.

According to Bill Chapman, Crop Business Development Specialist with Alberta Agriculture and Rural Development (ARD), Rahr Malting Canada out of Alix, Alberta shipped 10,000 tonnes of shochu barley to Japan last year and expects to meet or beat that level in 2009.

Shochu is a good example of an industry-government approach to overseas market development. The effort began a few years ago, when ARD brought together a team made up of the Alberta Crop Industry Development Fund, Rahr Malting, the Alberta Barley Commission (ABC) and ARD itself.

Through ongoing communications and several visits to Japan, the group -- led by ABC General Manager Mike Leslie -- succeeded in introducing Alberta barley to Sanwa Shuruii, whose Itichiko brand of shochu is considered a market leader.

Under the direction of Darcy Kirtzinger, ABC's Research and Policy Manager, the team set up a commercialization project to determine which varieties of Alberta barley were best able to meet the standards of shochu distillers. Several new un-registered lines were included in the test under the direction of Dr. Patricia Juskiw, Two-Row Barley Breeder with ARD's Field Crop Develop-

This value-added market provides growers with a higher return from a crop they grow already.

ment Centre (FCDC). Dr. Darcy Driedger, Food Scientist with ARD at Brooks, is now completing pearling trials.

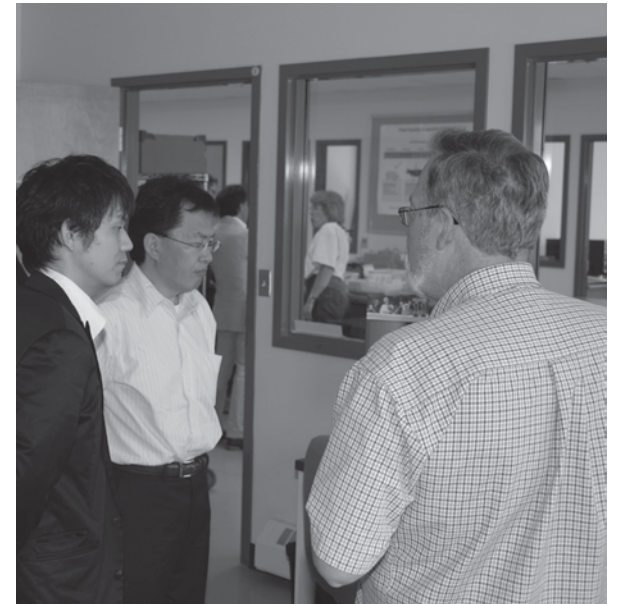
"Sometimes, it takes a really exotic variety to meet this kind of specialized need," says Chapman, "but not in this case. We found that the AC Metcalfe variety has the right kernel hardness, starch content and quality for pearling that makes it an acceptable product for shochu."

Just because the preferred variety is familiar, that doesn't mean growing barley for shochu is a slam-dunk. To be viable for shochu, the barley must be seeded first in May and harvested early in August at 18% moisture, then aerated or dried down to 13.5% moisture. For this extra care, growers can market their shochu barley as malt.

During 2008, the shochu team ran demonstration trials at Killam, Westlock and Falher, with local applied research groups in conjunction with FCDC. The Centre is also working on shochu-specific barley calibrations for Near InfraRed Spectroscopy technology to increase efficiency of selections.

To Chapman, this is all part of the process of ensuring that Japan's shochu distillers get the quality, consistency and volume they need.

"Producers are looking at this as a new value chain market for quality barley," he says. "They can

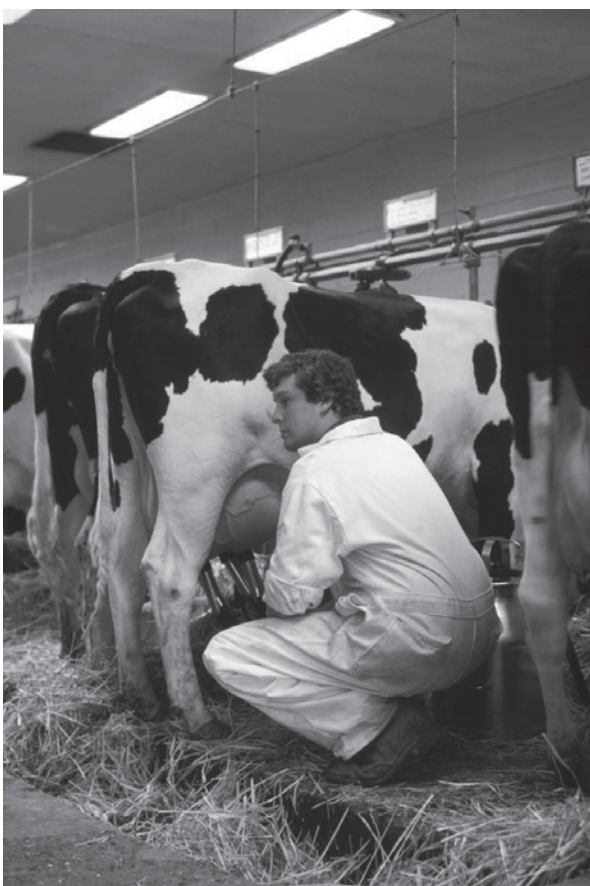


Dr. Iwami-Sanwa Shuruii, Mr. Masuda-Itochu with Dr. Jim Helm at the Field Crop Development Centre in Lacombe.

increase their returns per acre without increasing their risk or cost per acre, and it's a crop they already grow well. Shochu might not be a huge opportunity for thousands of people, but for 50 to 100 growers, it's a very nice option."

For more information on opportunities in shochu barley, please contact Bill Chapman by phone at (780) 674-8258 (dial 310-0000 for toll free) or by email to bill.chapman@gov.ab.ca.

Study reviews cost-competitiveness of Alberta dairy industry



Comparatively lower feed costs offset the higher labour costs in Alberta.

Labour costs are a concern, but are outweighed by attractively priced feed grains, for a positive overall picture.

The news came through a study, *Cost Competitiveness Analysis of the Alberta Dairy Supply Chain*, funded by the Agricultural Policy Framework and conducted by independent agrifood think tank, The George Morris Centre.

"The main purpose of the study was to determine how cost competitive dairy farming and dairy processing are in Alberta today," says Richard Heikkila, Senior Economic Analyst with Alberta Agriculture and Rural Development, who managed the research project.

Study author Dr. Al Mussell, Senior Research Associate with the George Morris Centre, created 'models' for 250-cow and 500-cow dairies and two processing facilities, inputting known cost and price data from competing regions.

Feed costs a key advantage

In a jurisdiction such as Alberta, where good-paying resource industry jobs are often available, it comes as no surprise that labour costs for Alberta dairy and processing operations are relatively high. That's exactly what the study found.

"Offsetting this, our feed costs are the main relative advantage," says Heikkila. "The report also found

that livestock costs tend to be lower than other jurisdictions. A third strength was the costs associated with dairy processing, which again are relatively competitive."

To Mussell, the findings of the study indicate that dairy farming and processing in Alberta enjoy a competitive cost base, a key ingredient for possible future growth.

"When you focus on the fundamentals, Alberta looks good compared to other places in western North America," says Mussell. "Some days it might not feel like this, but Alberta truly is one of the lower cost places to grow and purchase feed grains."

With labour costs forming a significant line-item for dairy farmers and processors, should Alberta be worried about the province's higher worker costs? Mussell thinks not.

"The thing is, you can invest to mitigate the impact of labour shortages," he says. "You can't invest to fix expensive feed. Alberta dairy producers can come out of this research feeling positive."

The executive summary of Cost Competitiveness Analysis of the Alberta Dairy Supply Chain is available online. Go to the Dairy section of www.agriculture.alberta.ca and follow the prompts. You can reach Richard Heikkila at (780) 422-4088 (dial 310-0000 for toll free) or by email richard.heikkila@gov.ab.ca.

Alberta's 641 dairy producers received some good news at Alberta Milk's Annual General Meeting this past November. This agricultural sector, which in 2007 generated \$427 million in farm gate income and \$2.5 billion in economic activity, has a cost structure that's broadly competitive with other western North American jurisdictions.

AgChoices 2009: What's The Big Idea?

Farmers and ranchers who attended this annual conference on February 11 in Red Deer found plenty of business-building ideas to take home with them.

Sometimes, all it takes to kick-start a new business idea is the informed perspective of those who've been there and done that. The 200 producers and industry people who attended the *AgChoices 2009* conference found many ideas to choose from and much inspiration to take in.

Organized by Alberta Agriculture and Rural Development and funded by the Agricultural Policy Framework, a federal-provincial-territorial initiative, *AgChoices 2009* was held on Wednesday, February 11 at the Capri Centre in Red Deer. According to conference organizer Wendy McCormick, the idea was to pack as much relevant information as possible into the single-day format.

"While many Alberta farmers and ranchers are looking for ideas on where to take their businesses, no two operations are alike," said McCormick. "For this reason, we wanted to present a wide range of ideas and perspectives."

Morning speakers outlined opportunities and pitfalls

With CKGY radio's agriculture editor Dianne Finstad serving as the day's emcee, *AgChoices 2009* kicked off with a stirring presentation by long-time agribusiness executive John Oliver.



John Oliver talks about how several global factors will challenge society and create opportunity for the agriculture industry.

In his presentation titled *The Gathering "Perfect Storm" – Consequences for Alberta Agriculture*, Oliver made the case that several factors are converging that will challenge society at large, while potentially creating opportunity for the agriculture industry. These challenges relate to energy security, health care, climate change and water scarcity.

In Oliver's analysis, the challenges posed by these converging elements have the potential to cause significant disruption, but his underlying message was hopeful.

"We must double food production in the next 20 years, and do it on 80% of the farmland we have today," says Oliver. "Today, no industry other than agriculture has the potential to mitigate the challenges we will face."

Given Alberta's large agricultural production and relatively small population, it's a given that we need to export to succeed. The morning's second speaker, veteran international agri-marketing executive Art Froehlich, brought a practical perspective to the issue of market development.



Art Froehlich says it is important to be clear about your product and why a customer wants to buy it.

In his presentation, *Global Markets: Meeting the Needs*, Froehlich shared personal stories of selling Canadian food products into Asia – the home runs, as well as the strikeouts – and lessons learned along the way. Perhaps the greatest lesson is to be clear on what you're selling and why a customer would want to buy it.

"What is your competitive advantage?" asked Froehlich. "What can *you* do that the big guys can't? In the end, a lot comes down to marketing: what's your plan and how well can you execute it?"

Export market development was also top of mind with the day's keynote speaker, the Honourable George Groeneveld, Alberta's Minister of Agriculture and Rural Development. The Minister discussed how, on a recent trade mission to Asia, government officials and market players in several countries endorsed the main elements of the Alberta Livestock and Meat Strategy.

"These trading partners made it very clear," said the Minister, "that food safety means traceability and age verification."

The Minister also introduced the three winners of the 2009 Best Practices Award (see the story on page 1).

Afternoon: from four leaders, a producer perspective

For many who attended *AgChoices 2009*, a highlight was the afternoon round-table session involving four of the province's most successful, innovative and thought-provoking producers. In a session called *Taking big ideas to the next step*, these producers shared how they overcame obstacles on the path to renewal for their farm operations. The four producers were:

Rod Bradshaw of Beck Farms of Innisfail, who along with his family, built a vertically integrated vegetable and grain farm.

Grant Hirsche of Hirsche Herefords & Angus and Hirsche Fraser Meats in High River, who creatively navigated the challenges of BSE and producer-owned retailing.

Doug Livingstone of Val Terra Herefords and Red Feather Ridge Conference Center in Vermilion, who built an innovative ag tourism and event facility.

Leo Meyer of Leo Meyer Grain Production Ltd. in Manning, who established a successful integrated crop management system and logistics and marketing organization.

Ag Info Market: great ideas, and step on it!

AgChoices wouldn't be complete without the Ag Info Market. For 90 minutes mid-afternoon, conference participants took in their choice of five information sessions from a rotating selection of 15 presentations. Producers gained concise information on a range of important topics from tax issues to carbon credits to unique opportunities with new crops.

How does that work on my farm?

To close out a very full day at *AgChoices*, Terry Betker of Meyers Norris Penny outlined how producers can assess and improve their readiness to take on new ventures in 2009 and beyond. In his presentation, titled *So What? Now What?*, he shared tools and techniques producers can use to make profitable decisions.



Grant Hirsche tells how the challenges of BSE led him to open his own retail store to sell his own farm-raised meat.

"It used to be, if you were an above-average producer, everything else seemed to take care of itself," says Betker. "Today, it's more important than ever to consider the relationship between risk and return and how you can manage it."

As conference organizer, Wendy McCormick was pleased by the excellent producer attendance at *AgChoices 2009* and by the high-impact messages of the speakers. The conference set a high standard that organizers will try to surpass in 2010.

Says McCormick: "Our thanks go to everyone who helped make *AgChoices 2009* such an important event for so many forward-looking Alberta farmers and ranchers."



Freda Molenkamp-Oudman explains the roles of Alberta agricultural boards and commissions at the Ag Info Market.

A blueprint for growth in the Western U.S.

They say the customer is always right. These days, given how quickly consumer sentiment can change, it's getting harder than ever to pin those preferences down.

Understanding consumer feelings about beef and pork was the goal of a two-part market research study commissioned by Alberta Agriculture and Rural Development (ARD), with survey design assistance from the University of Alberta. The focus was on consumers in seven states in the western U.S.: Arizona, California, Idaho, Nevada, Oregon, Utah and Washington.

The Hartman Group carried out the beef portion of the study, while AC Nielsen looked after the pork component. In each case, the company performed a web-based survey of more than 1,000 households.

Moving target for consumer preference

According to ARD Consumer Analyst Diane McCann-Hiltz, a survey of this scale takes time to assess fully, but some important findings have already emerged.

"In both the beef and pork surveys, consumers emphasized the importance of packaging and price," says McCann-Hiltz. "It is important for exporters to understand that consumers want to see the product through the package and they also want a clean package. Price is always one of the most important factors consumers consider when making a purchase."

Not surprisingly, the western U.S. consumers surveyed expressed a strong preference for buying U.S.-raised beef and pork.

Market research digs deep into perceptions about beef, pork and Canadian origins among thousands of consumers in seven U.S. states.



Consumer Analyst Diane McCann-Hiltz with Alberta Agriculture and Rural Development explains how packaging and price influence consumer purchases.

"We found when consumers were asked to express their preference for countries of origin outside the U.S., Canada rated comparatively well," says McCann-Hiltz. "Somewhat reassuring was that they chose Canadian beef over Australian beef, and Canadian pork over pork imported from Denmark. When prices were introduced into the equation, we found most consumers are not willing to pay a premium for U.S.-labeled beef or pork products."

McCann-Hiltz and team members Clinton Dobson, John Paul Emunu, Sharon Faye, Darren Chase and Sarah Oliveira are continuing to analyze the findings of the Hartman Group and AC Nielsen studies. They'll be asking a host of questions about

how Alberta beef and pork can more closely meet the evolving needs of this important market.

"The findings on country of origin are not all negative," says McCann-Hiltz, "and what we learned about the importance of attributes such as humane treatment of animals, as well as natural and tender attributes, provides opportunities to develop differentiated products for this market. These findings also support the Alberta Livestock and Meat Strategy's product differentiation initiatives."

For more information on the beef and pork consumer studies, please contact Diane McCann-Hiltz at (780) 422-6081 (dial 310-0000 for toll free) or email diane.mccann-hiltz@gov.ab.ca.

Mediation beats litigation

At one time in rural Alberta, many business agreements were sealed with a handshake. The only assurance required was the presumed good faith of the parties. It was enforced by social interaction at the curling rink or the community dance.

Today, that's changed. The parties are most likely not living in the same community, agreements can involve lawyers and many are inclined to head to court if things go wrong.

To Graham Gilchrist, Assistant Farmers' Advocate with Alberta Agriculture and Rural Development's Farmers' Advocate Office, that's the new reality. With many areas of potential disagreement – land

The newly piloted Rural Alberta Conciliation (Umpire) Network is fostering solutions among people and communities involved in disputes.

rentals, equipment performance, and municipal relations – there's an enduring need for a way to settle rural disputes without litigation.

"We thought of this role as being sort of a 'rural umpire,'" says Gilchrist. "We thought we could find a mechanism to achieve consensus between people or communities without conflicting with the work we currently do on issues such as land-use agreements."

Partnership and funding make it possible

Gilchrist took the idea to the Alberta Arbitration and Mediation Society, which quickly grasped the idea's potential and entered into a partnership with the Farmers' Advocate Office to implement it. The Agricultural Policy Framework provided funding to make it happen, and the Umpire Network was born. As of January 2009, the Network was active on six arbitration/mediation cases.

"One area where this funding was very important was in training," says Gilchrist. "The members of the Alberta Arbitration and Mediation Society clearly were qualified to do this kind of work, but they needed some training and mentoring to brush up on rural issues so they could achieve satisfactory results for all parties."

What sorts of disputes will the Umpire Network handle? Gilchrist explains that certain conditions will apply: the dispute must be genuinely rural in nature and both parties must agree to abide by the outcome. The Network will also not venture into areas where there are existing arbitration boards.

One of the most common areas for rural disputes is land use. Gilchrist notes that 50% of Alberta's farmland is rented, providing ample scope for disagreements on lease provisions, land use conditions, environmental stewardship, financial issues and other matters. Points of contention can also occur between rural landowners and rural municipalities. Put it all together, factor in the cost and complexity of litigation that might otherwise occur, and Gilchrist expects the Network will have plenty of work.

"We hope to see the 'rural umpire' being very much in demand," he says. "People are quite happy that they have a rural arbitrator or mediator who can step forward and get involved."

For more information on the Rural Alberta Conciliation Network, please contact Assistant Farmers' Advocate Graham Gilchrist at (780) 427-7956 (dial 310-0000 for toll free) or email graham.gilchrist@gov.ab.ca.



Graham Gilchrist, copyright 2008.

Pricing for profit

At a January 28 workshop held in Grande Prairie, rural entrepreneurs learned how. Here are some basics

For many rural entrepreneurs, setting a price for what you're selling is one of the trickiest parts of the business. Price too high and you'll deter customers from buying your terrific product. Price too low and you could lose money and eventually put yourself out of business. But how high is *too* high? How low is *too* low?

A workshop held January 28 in Grande Prairie offered proven answers to these important questions. Called *Setting a Profitable Price*, this one-day event featured entrepreneur coach Natalie Gibson.



A profitable price includes a combination of hard-and-soft factors. New Venture Business Specialist Elaine Stenbraaten says information from the *Setting a Profitable Price* workshop will be available online.

According to Elaine Stenbraaten, Fairview-based New Venture Business Specialist with Alberta Agriculture and Rural Development (ARD), *Setting a Profitable Price* gave entrepreneurs the skills to take some of the emotion out of pricing.

"Many entrepreneurs tend to fall in love with their product and they are passionate about getting it out to the marketplace," says Stenbraaten. "But they often don't take sufficient account of all the costs that go into their product, including a number of potentially hidden costs, or know how to use that information to set a price."

Cost, value and break-even

As Gibson outlined to the workshop, there is no all-purpose formula that allows for profitable price-setting. Rather, a profitable price is determined by a combination of hard-and-soft factors such as cost of production, value to the buyer, breakeven points and profit margin. Stenbraaten notes that the entrepreneurs who attended the event found value in receiving an accompanying workbook they could take home and work through.

Organic meat producer Jerry Kitt attended the workshop. What he learned was a continuation of his personal journey, after 14 years in business, to a pricing model that works for his business.

"I started raising wild turkeys and I sold them at a price that was suggested as the going rate," says Kitt. "After the first season, I started penciling out my costs and I had to double my original price in order to get my costs covered." Today, he uses Excel spreadsheets to input *all* his costs, to make sure they're reflected in the price of his product.

Stenbraaten held more *Setting a Profitable Price* workshops during 2009, including March 3 in Airdrie and March 5 in Leduc. ARD will also make pricing information available online.

For more information, please contact Elaine Stenbraaten at (780) 835-7531 (dial 310-0000 for toll free) or email elaine.stenbraaten@gov.ab.ca.

Feeder associations look to the future

Since its founding in 1936, Alberta's Feeder Association Loan Guarantee Program has made an important contribution to the growth and success of the province's beef cattle industry.

During this time, the program has guaranteed a total of \$6.74 billion in calf-crop financing for members of the province's community-based cooperative feeder associations, which now number 56. In 2008, for example, the program financed 19.5% of the province's calf crop, with financing valued at \$216 million.

As beef industry players know well, a series of structural changes have come to the industry in recent years. One is the creation and adoption of value chains, linking producers, processors and retailers with a common aim of providing the consumer with a premium product at a premium price.

Security: on the hoof or in a box?

"One model of a value chain is a producer-driven supply chain," says Dale Engstrom, Stony Plain-based Senior Manager, Strategic Partnerships, with Alberta Agriculture and Rural Development (ARD). "In this model, producers maintain ownership throughout the chain, carry the risk throughout the chain, and purchase the processing services they need on a cost-plus basis."

This development gives rise to several important questions: How could feeder associations maintain the value of the security they hold – currently

the live animal – while the animal goes from live to carcass to boxed beef to case-ready beef? Is that security still viable as the value chain progresses, and is it still acceptable to the financial institution and to the guaranteeing entity, the Government of Alberta? What is the nature of the risk involved and how can that risk be managed?

A recent study commissioned by Engstrom and ARD probed these very questions. Among the study's preliminary conclusions:

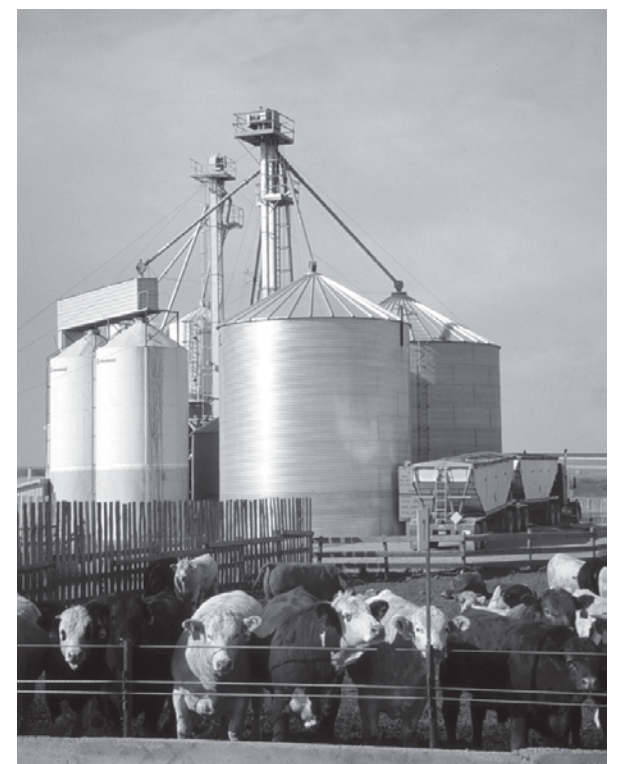
1. Value-chain security is possible. Bar-code technology can be used to maintain identity, ownership and security on group lots of cattle from carcass to meat case. New DNA-based technology has the potential to track individual animals from feed pen to meat case.

2. Security of supply is vital to value-chain success. "Even if a program is only processing 50 head per week, that's 2,500 head in a year," says Engstrom. "You need to be lining up the cattle about a year in advance to ensure you have the needed volume, and this requires substantial financing."

3. Patient capital will help value chains grow. The capital needs of a natural beef or organic beef value chain can be 30% higher than a comparable commodity beef program. Knowing that financing is available should encourage the formation of new chains and the growth of existing ones.

Says Engstrom: "The study's findings will be presented to the Government of Alberta and the

A recent study looked at how a 73 year-old program could be updated to finance the creation of value chains.



New DNA-based technology has the potential to track individual animals from feed pen to meat case.

Alberta Livestock and Meat Agency in March. From there, we hope to have a pilot project to demonstrate to ARD, feeder associations and the financial institutions how this new-look financing could work."

For more information on new ideas for financing through Alberta's feeder associations, please contact Dale Engstrom at (780) 968-3551 (dial 310-0000 for toll free) or email dale.engstrom@gov.ab.ca.



Bees in peril? *IPM to the rescue*

With funding from the Agricultural Policy Framework, researchers and beekeepers are finding new ways to protect this vital agricultural resource.

When it comes to the unsung heroes of the Alberta agriculture industry, it's hard to find a more deserving candidate than the humble honey bee. After all, bees perform at least two essential services – making honey and pollinating plants – absolutely free.

“Here in Alberta, we have a very progressive beekeeping industry,” explains Medhat Nasr, provincial apiculturist with Alberta Agriculture and Rural Development. “We have at least 700 beekeepers and 250,000 hives in this province and about 40% of Canada's bee population is here.”

These beekeepers and their bees create a massive economic impact. In 2006, the economic value of the province's honey production was \$46 million, or about 40% of the total of Canada's honey production. That's just for starters. Bees' far greater economic contribution relates to pollination.

When a bee visits a flower, it will pollinate the flower by moving pollen from the male to the female parts of the plant. This timeless process is at the very heart of agricultural production in Alberta. As just one example, bees enable the production of 30,000 acres of hybrid canola seed in a region connecting Brooks, Lethbridge and Medicine Hat. Hybridization is achieved by planting alternating rows of males and females, with the other sex having been genetically switched off, and allowing bees to do the pollination.

According to a study by the Canola Council of Canada, the direct and indirect annual economic impact of canola in Canada is \$13.8 billion. Most Canadian canola production now comes from hybrid varieties, and most hybrid canola seed comes from southern Alberta – and its bees, of course.

“We tend to take pollination for granted,” says Nasr, “because it's a service we don't have to pay for. A U.S. study estimated the annual economic

value of pollination at \$15 billion. Translating that to the Canadian situation gives you a figure of \$1 billion to \$1.5 billion for Canada, and Alberta's share is at least \$300 million to \$400 million.”



A beekeeper inspecting a bee colony.

Tough times for Alberta bees

The last couple of years have not been easy on the province's honeybees. The central issue is a number of threats that resulted in high winter kill. Most significantly, there have been more severe than usual attacks of the varroa mite parasite. These infestations were worsened by the fact that conventional chemical controls – known as miticides – had lost much of their effectiveness over the years. The second issue is a fungal parasitic disease known as *nosema*. The third factor over the last few years has been severe winters. For bees, it's been the perfect storm.

The impact of winter kill of honey bee colonies has been devastating. In Alberta, 30% of bees died during the winter of 2007-08. Another 15% survived, barely, but were in no shape to work. This means that, heading into 2008, some 45% of Alberta's bees were dead or debilitated. To an apiculturist such as Nasr, and in fact anyone who depends for their living on honey or pollination, this amounted to a crisis.

In Nasr's view, the time had come to shift perceptions of colony pest control to a more sustainable model known as Integrated Pest Management or IPM.

“Integrated Pest Management is a mix of management practices intended to slow the development of mites,” says Nasr, “and at the same time expand the use of alternative products to control mites while managing resistance.”

With funding from the Agricultural Policy Framework, Nasr and a research team set out to stabilize the security of Alberta's bees, on several fronts. The team developed and optimized the use of two organic acids, known as formic acid and oxalic acid, which could achieve 90% to 95% mite control without harming the bees. Because oxalic acid was impractical to apply, it was necessary to develop a machine to apply this acid within a hive, along with a set of guidelines for beekeepers on how to apply safely and effectively.



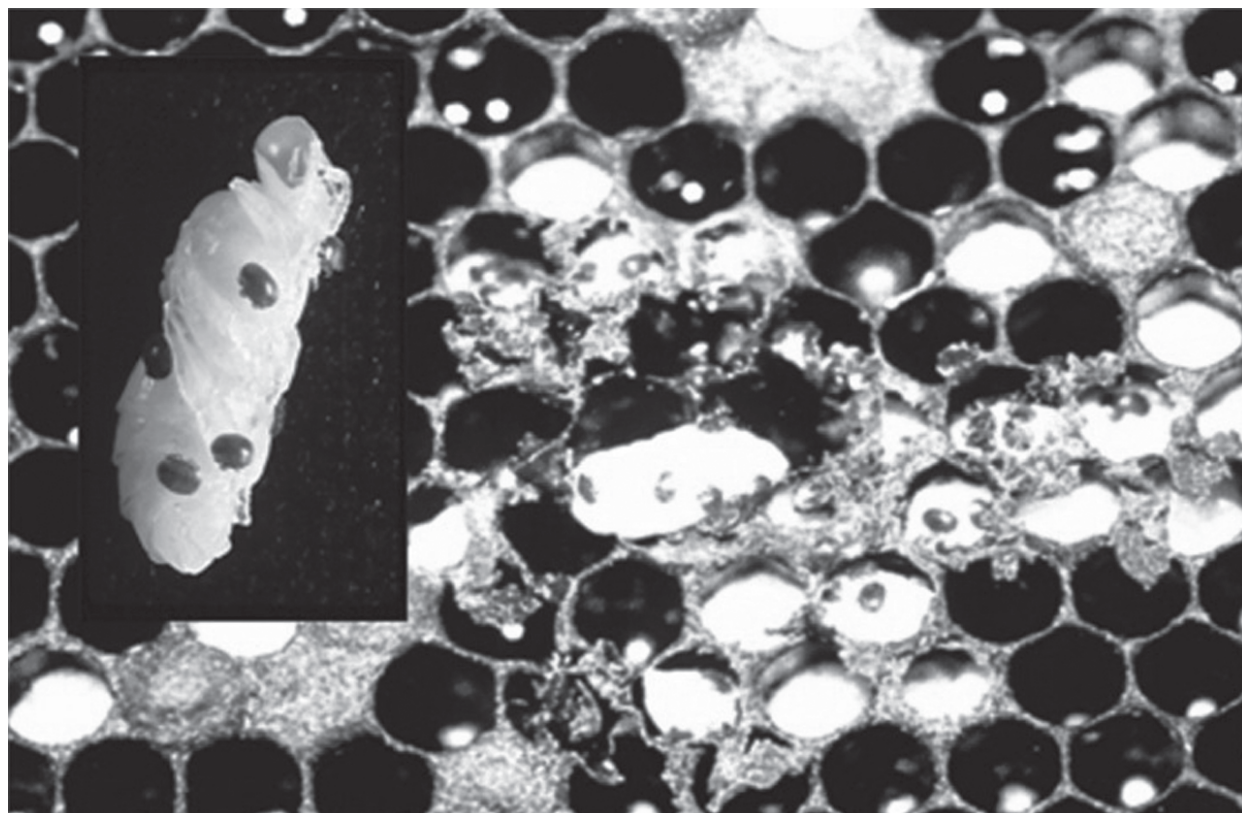
Bee foraging on canola flower.

On February 10 and 11, 2009, Nasr hosted a workshop for the province's beekeepers. With speakers from New Zealand and California, Nasr and an expert panel reviewed the current status of honey bee health, taught the principles of IPM and introduced the new control tools and guidelines for their use.

While the recent health status of honey bees is challenging, Nasr believes that IPM has the correct ingredients to safeguard Alberta's all-important bee population for the future.

“To develop any kind of sustainable IPM system, we need to maintain the high quality of Alberta honey,” he says. “It is a puzzle involving the right control product, applied with the right device and at the right time. We have made good progress so far and we have excellent producers in the province, so I am optimistic.”

For more information on bees and IPM, please contact provincial apiculturist Medhat Nasr at (780) 415-2314 (dial 310-0000 for toll free) or by email to medhat.nasr@gov.ab.ca.



Varroa mite parasite developing on bee pupae.

Rhodiola rosea gains momentum for Alberta growers

After five years, a commercialization project for this medicinal herb could be on the verge of a market breakthrough.



Rhodiola rosea's bio-actives, known as *rosavins* and *salidroside*s, are found in its root and crown.

Everything about *Rhodiola rosea* seems to take time. This medicinal herb – native to Siberia and known as a natural energy-booster – takes four to five years from planting the seed to harvesting a commercially viable root. International buyers, mainly from northern European countries such as Germany and Norway, spend years setting up reliable value chains capable of growing *Rhodiola rosea* well and supplying it dependably.

Still, five years after the launch of Alberta's *Rhodiola Rosea* Commercialization Project, the province's 80 commercial growers are beginning to see success. According to Susan Lutz, Senior Development Officer for Functional Foods and Natural Health Products with Alberta Agriculture and Rural Development, the right pieces are beginning to come together.

"Over the last several years, we have been hard at work assembling the essential elements of a *Rhodiola Rosea* value chain linking producers, processors and buyers in international markets," notes Lutz. "I think we can look back and say that 2008 saw a number of important turning points."

More growers. One of the project's early aims was to achieve a critical mass of growers to research how and where *Rhodiola Rosea* could be grown in Alberta. This band of early adopters needed real commitment to get involved; after all, it takes four or five years of growth to produce a viable crop.

Greater organization. Lutz explains that international buyers don't want to source *Rhodiola Rosea* from individual growers. They prefer to deal with a single organization, capable of aggregating quantity and safeguarding quality. "In Alberta, this role is played by the Alberta *Rhodiola Rosea* Growers Organization (ARRGO), which currently has 80 members," says Lutz.

As well as representing growers' interests, ARRGO determines the grade of the crop on behalf of growers, settles on a price with buyers

and serves as the middleman for financial transactions between the two groups.

More product. With some producers now in their fifth year growing *Rhodiola Rosea*, a significant amount is starting to come on stream. The plant's bio-actives, known as *rosavins* and *salidroside*s, are found in its root and crown. In 2008, ARRGO members harvested 770 kg of finished dried root. Of this 770 kg of Alberta-grown *Rhodiola Rosea*, some 470 kg is being sold to buyers in root form,



In 2008 ARRGO members harvested 770 kg of finished dried root. In 1997 U.S. market demand was at 49.8 metric tonnes and growing, so there is room for more Alberta-grown *Rhodiola Rosea* in the market.

with the remaining 300 kg being processed into an extract. A study conducted in 1997 pegged U.S. market demand at 49.8 metric tonnes, and the market has grown since then, so there's plenty of room for Alberta to grow more.

Greater market interest. Lutz notes that, as with other agricultural commodities, Alberta is far from being the only place where *Rhodiola Rosea* can grow. "You can obtain *Rhodiola Rosea* cheaper from China than from Alberta," says Lutz, "but to these international buyers, quality is paramount and ARRGO can ensure this. ARRGO can provide a level of traceability, from seed origin through to quality assurance of the final product."

Indeed, two international buyers are currently ironing out the details of a supply contract with ARRGO.

Sky-high market potential. Current commercial interest in *Rhodiola Rosea* is centered in northern Eurasia, where there is a history going back to the Vikings of using it for increasing stamina. Still, this doesn't mean the interest won't expand elsewhere.

"When we started this project there wasn't a single *Rhodiola rosea* product on local health store shelves and we could only find 11 on U.S. internet sites," says Lutz. "We can now find 12 different brands in one local health store and a U.S. internet site that does cost comparisons compares 121 available products."

Small acreage, big potential

It'll be quite some time before the Alberta land-

scape is characterized as a sea of waving *Rhodiola Rosea*. No matter. To growers like Peter Haberli of Spruce Grove, small is beautiful.

"I'm a small farmer and acreage owner," says Haberli, Chairman of the Alberta *Rhodiola Rosea* Growers' Organization (ARRGO). "I tried to grow Echinacea before, but it wasn't hardy enough for our cold winters. Three years ago, I saw they were looking for test growers to grow seedlings of *Rhodiola Rosea*, so I tried half-an-acre. It seems to



Rhodiola Rosea grows well in Alberta because it is very winter-hardy.

grow well here because it's very winter-hardy. We are still in the early stages of developing markets, but I see lots of potential."

For 2009, Susan Lutz is looking for 20 new growers, each willing to plant and tend an acre of *Rhodiola Rosea*. For more information on the crop and opportunities for growers, please contact Lutz at (780)427-4530 (dial 310-0000 for toll free) or susan.lutz@gov.ab.ca. You can also visit the ARRGO website at www.arrgo.ca.

Changes coming to Alberta's Boards and Commissions

Following a two-year review, new regulations are being drafted for 2009, with further revisions possible for 2010.

For decades, agricultural Boards and Commissions have been part of the regulatory landscape of the Alberta agricultural industry. During those years, the nature of how the Boards and Commissions work has evolved to meet changes taking place in the broader industry.

The latest cycle of change for the province's 20 agricultural Boards and Commissions (see sidebar) began in 2006. At that time, then-Minister Doug Horner asked the Agricultural Products Marketing Council, which supervises the Boards and Commissions, to review how these structures are set up and how they operate.

"This was to be the first official review of the Marketing of Agricultural Products Act, the legislation that provides the authority for the Boards and Commissions, since 1987," says Freda Molenkamp-Oudman, the Marketing Council's Manager, Projects and Policy. "Clearly, the needs and priorities of farmers and ranchers had changed a lot during those intervening years, and the then-Minister Horner wanted this reflected in the Boards and Commissions."

While the 1987 review was driven largely by the provincial government, the then-Minister specifically directed that the 2006 review produce recommendations that were led and endorsed by producers.

Over the following two years, the Marketing Council held several workshops where producers and other stakeholders could communicate their views. This process eventually gathered submissions from more than 400 stakeholders, including individuals, Boards and Commissions themselves, resource providers and national organizations.

The Marketing Council also engaged market research firm Ipsos Forward to survey Alberta producers on government issues relating to the Boards and Commissions. Farmers and ranchers

contributed their views on producer involvement, perceived value of the Boards and Commissions and perceived value of the producer levies that support them.

In June 2008, the Marketing Council delivered more than 50 recommendations to Minister George Groeneveld regarding changes to the Marketing of Agricultural Products Act.

Changes coming for 2009

Molenkamp-Oudman is quick to point out the broader context for this review. In the business, government and non-profit sectors, there has been in recent years an increased emphasis on the quality of corporate governance and the responsibilities of board members.

"Many of the proposed changes are designed to achieve better board governance," says Molenkamp-Oudman. "Some of the recommendations will be implemented during 2009 through expected changes to the Act, while others are broader policy questions that require further deliberation."

Some of the 50 recommendations include issues such as:

- establishing the most effective Board size, with eight to 12 members believed to be about right;
- selecting members based on skills they can contribute to the Board, not just based on the geographical area they represent;
- term limits for members;
- a code of ethics and code of conduct for members; and
- confidentiality provisions for members.

Changes on the drawing board for 2010

While a number of recommendations can be implemented for 2009, Molenkamp-Oudman notes that other, more policy-related provisions require further deliberation.

Know your Boards and Commissions

These are the 20 agricultural Boards and Commissions that operate under the authority of the Marketing of Agricultural Products Act.

| | |
|--|---|
| Alberta Barley Commission | Alberta Beef Producers |
| Alberta Beekeepers | Bison Producers of Alberta |
| Alberta Milk | Alberta Pork |
| Potato Growers of Alberta | Alberta Turkey Producers |
| Alberta Sugar Beet Growers | Alberta Elk Commission |
| Alberta Egg Producers Board | Alberta Chicken Producers |
| Alberta Canola Producers Commission | Alberta Sheep and Wool Commission |
| Alberta Peace Region Forage Seed Growers | Alberta Hatching Egg Marketing Board |
| Alberta Pulse Growers Commission | Alberta Winter Wheat Producers Commission |
| Alberta Soft Wheat Producers Commission | Alberta Vegetable Growers (Processing) |

These include issues such as:

- clarifying the definition of a producer;
- clarifying membership eligibility (right now, only producers may be members); and
- determining whether Boards and Commissions should be producer-only organizations, or should perhaps aim for a broader, value-chain identity.

"We ask a lot of these organizations," says Molenkamp-Oudman, "so it's important that the governance of the Boards and Commissions meets the needs of the industry. In many cases, over time, Boards and Commissions have become operational organizations rather than the more strategic-minded bodies envisioned by the Act. We believe it's important that the Boards and Commissions focus on strategy while their staff handles day-to-day operations."

For more information on the Agricultural Products Marketing Council and the province's agricultural Boards and Commissions, please contact Freda Molenkamp-Oudman at (780) 644-1507 (dial 310-0000 for toll free) or email freda.molenkamp-oudman@gov.ab.ca.

Upcoming 2009 Events

For more details and events go to: [Alberta Agriculture and Rural Development Web page at www.agriculture.alberta.ca](http://AlbertaAgricultureandRuralDevelopmentWebpageatwww.agriculture.alberta.ca) > Directories > Events > Fairs & Exhibitions > Coming Events.

| | | | | | | | | |
|-------------|---|--------------|----------------|--|----------------|-------------|---|--------------|
| Mar 25 - 28 | Farm and Ranch Show | Edmonton | May 25 - 28 | Green Certificate Testing - Central Region | Olds | Jul 7 | Qualification Certificate (QC) Examination - Schedules for 2008 and 2009 | Lethbridge |
| Mar 25 | Water Well Workshop | Thorhild | May 25 - 29 | Green Certificate Testing - Northeast Region | Vermilion | Jul 7 - 9 | SARA Diagnostic Field School | Lethbridge |
| Mar 26 - 27 | Calgary Stampede Dairy Classic Championship Show 2009 | Calgary | May 31 - Jun 4 | 2009 International Conference on Pig Reproduction | Banff | Jul 8 - 11 | National Stewardship and Conservation Conference (National) | Calgary |
| Mar 26 | Farm Succession Planning Workshop | Evansberg | Jun 2 | Qualification Certificate (QC) Examination - Schedules for 2008 and 2009 | Airdrie | Jul 8 - 11 | Strengthening Stewardship... Investing at Every Step (National) | Calgary |
| Mar 27 | Livestock Care Conference | Red Deer | Jun 2 | Qualification Certificate (QC) Examination - Schedules for 2009 | Vermilion | Jul 10 | International Livestock Conference | Calgary |
| Apr 1 - 5 | Aggie Days | Calgary | Jun 4 | Green Certificate Testing - Northwest Region | Spruce Grove | Jul 19 - 24 | 17th International Farm Management Congress - July 2009 in Illinois (International) | Bloomington |
| Apr 1 - 2 | Green Certificate Testing - Peace Region | Fairview | Jun 12 - 15 | World Professional Chuckwagon Races | Medicine Hat | Jul 22 - 26 | Annual Medicine Hat Exhibition & Stampede | Medicine Hat |
| Apr 1 - 5 | National Young Adult Holstein Convention 2009 (National) | Vancouver | Jun 13 - 15 | Brazeau County Fair | Drayton Valley | Aug 4 | Qualification Certificate (QC) Examination - Schedules for 2008 and 2009 | Edmonton |
| Apr 6 - 8 | Growing Rural Tourism | Camrose | Jun 18 - 22 | Guy Weadick Memorial Rodeo | High River | Aug 4 | Qualification Certificate (QC) Examination - Schedules for 2008 and 2009 | Red Deer |
| Apr 7 | Qualification Certificate (QC) Examination - Schedules for 2009 | Fairview | Jun 18 - 22 | WPCA Chuckwagon Races | High River | Aug 8 - 9 | Lougheed Agricultural Fair | Lougheed |
| Apr 7 | Qualification Certificate (QC) Examination - Schedules for 2009 | Lethbridge | Jun 19 | Red Deer River Watershed Alliance Annual General Meeting | Red Deer | Aug 12 - 13 | Hanna and District Agricultural Society Town and Country Trade Show | |
| Apr 7 - 8 | Resourcing for the Future | Calgary | Jun 25 | Stewards in Motion: Alberta Stewardship Networks Annual Workshop, Celebration, and AGM | Fort MacLeod | Aug 15 - 17 | Madden Summer Classic Stock Dog Trials | Madden |
| Apr 9 | Crowfoot Cattle Co. - Black and Red Angus Sale | Standard | Jun 26 - 29 | CPCA Chuckwagon Races | High River | | | |
| Apr 10 - 13 | Senior Pro Rodeo | High River | Jul 7 | Qualification Certificate (QC) Examination - Schedules for 2008 and 2009 | Fairview | | | |
| Apr 16 - 19 | Pro Indoor Rodeo & Honky Tonk Cabaret | Medicine Hat | | | | | | |
| Apr 18 | Clear Hills County 15th Annual Agricultural Trade Show - "Growing Towards the Future" | Hines Creek | | | | | | |
| Apr 24 - 26 | Mane Event | Red Deer | | | | | | |
| May 1 | Young Farm Workers Safety Training Workshop | Olds | | | | | | |
| May 2 - 3 | Olds and District Marketplace and Lifestyle Show | Olds | | | | | | |
| May 5 | Qualification Certificate (QC) Examination - Schedules for 2008 and 2009 | Red Deer | | | | | | |
| May 5 | Qualification Certificate (QC) Examination - Schedules for 2009 | Edmonton | | | | | | |
| May 6 - 7 | Green Certificate Testing - Southern Region | Lethbridge | | | | | | |
| May 18 - 19 | Little Britches Rodeo | High River | | | | | | |

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