

**Provincial Agricultural Service Board Committee**

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Report Card on Government and Non-Government Responses to the 2010 Provincial ASB  
Resolutions

November 2010

Agricultural Service Boards,

The Provincial ASB Committee is pleased to provide ASB members and staff with the Report Card on Government and Non-Government Responses to the 2010 Provincial ASB Resolutions. This document includes the Therefore Be It Resolved from each of the resolutions passed at the 2010 Provincial ASB Conference, the associated responses, a tentative grade for each response as assigned by the Committee, and comments from the Committee. Response grades can be either accepted, accepted in principle, incomplete or unsatisfactory. The grade assigned relates to the quality of the response to the resolution. This report also summarizes actions undertaken by the Provincial ASB Committee and updates associated with resolution issues.

Please note that the grades assigned by the Committee are intended to provide direction on future activities or follow up with respondents. If you would like to comment on the assigned grade or follow up activities please contact your regional ASB representative.

The Committee for 2009/2010 was made up of representatives from each of the 5 regions in Alberta, elected by each region's A.S.B.s and consisted of:

Patrick Gordeyko, Chair, NE Region Rep  
Cliff Goerz, Vice-Chair, NW Region Rep  
Floyd Haas, South Region Rep.  
Joe Gendre, Central Region Rep.  
Mary Ann Eckstrom, Peace Region Rep.

Alternate: Dan Warawa  
Alternate: Marvin Brade  
Alternate: Henry Doeve  
Alternate: Bill Knight  
Alternate: Donald Dumont

In addition, the Committee also included:

Gerald Soroka, AAMD&C Rep.  
Eileen Chauvet, ARD Rep.  
Normand Boulet, AAAF 1<sup>st</sup> V.P./Sec.

Alternate: John Whaley

The Committee met with Minister Hayden twice in 2010, once in February to discuss the 2009 Resolutions and then in August to discuss the 2010 resolutions.

In addition to our Ministerial meetings, the Provincial ASB Committee as well as the AAAF Executive worked cooperatively with the provincial government to finalize the integration of the AESA funding into the ASB Grant program. We cannot emphasize enough the gratifying and constructive collaborations we are seeing occurring between the Committee and Minister Hayden, as well as Deputy Minister Knapp, ADM Jason Krips and all ARD staff whether it be from the ASB Program, Regulatory Services Division or Traceability. We look forward to continued cooperative collaboration towards an ever improving Alberta Agricultural industry.

Patrick Gordeyko  
Chair, Provincial ASB Committee  
November 2010

## DEFINITION OF TERMS

The Provincial Agricultural Service Board (ASB) Committee has chosen four indicators with which to grade resolution responses offered by government and non-government organizations.

**Accept the response:** A response that has been accepted is one that addresses the resolution as presented or meets the expectations of the Provincial ASB Committee.

**Accept in principle:** A response that has been accepted in principle is one that addresses the resolution in part or contains information, which indicates further action is being considered.

**Incomplete:** A response that is graded as incomplete is one that has not provided enough information or does not completely address the resolution. Follow up is required to solicit the information required for the Provincial ASB Committee to make an informed decision on how to proceed.

**Unsatisfactory:** A response that is graded as unsatisfactory is one that does not address the resolution as presented or does not meet the expectations of the Provincial ASB Committee.

## EXECUTIVE SUMMARY

Grading given by the Provincial Agricultural Service Board (ASB) Committee to Government and Non-Government Organizations response to resolutions passed at the 2010 Provincial ASB Conference.

Resolution No.	Title	Status
1 - 10	<b>Inquiry into Developing Agricultural Products for Market</b>	<b>ACCEPT IN PRINCIPLE</b>
2 - 10	<b>Livestock Traceability Regulation</b>	<b>DEFEATED</b>
3 - 10	<b>Unconfined seed release from rail cars</b>	<b>ACCEPT IN PRINCIPLE</b>
4 - 10	<b>Alberta Transportation Roadside Weed control</b>	<b>ACCEPT</b>
5 - 10	<b>Coyote Predation Management Program</b>	<b>WITHDRAWN</b>
6 - 10	<b>Growing Forward Water Management Programs exclusion of Crown Land</b>	<b>ACCEPT</b>
<u>7 - 10</u>	<u><b>Environmental Regulations on Crown land</b></u>	<b>DEFEATED</b>
<u>8 - 10</u>	<b>Richardson Ground Squirrel Control</b>	<b>ACCEPT IN PRINCIPLE</b>
<u>9 - 10</u>	<b>Cosmetic Pesticide Bans</b>	<b>INCOMPLETE</b>
E1 - 10	<b>Agricultural Service Board Act review regarding the impact of Agrology Profession Act</b>	<b>ACCEPT IN PRINCIPLE</b>
E2 - 10	<b>Prevented Plant Insurance</b>	<b>DEFEATED</b>
<p><b>Following the information on the above Resolutions delegates will find further information on Resolutions from previous Provincial ASB Conferences which the Committee continues to work on.</b></p>		

**Resolution #1**  
**INQUIRY INTO DEVELOPING AGRICULTURAL PRODUCTS FOR MARKET**

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that Alberta Agriculture and Rural Development along with Agriculture and Agri-Food Canada investigate the reason for the huge price gap between the farm gate and consumer.

**Status:** Provincial and Federal

**Department:** Alberta Agriculture and Rural Development  
Agriculture and Agri-Food Canada

**Agriculture and Agri-Food Canada**

Based on recent discussions between AAFC staff and their Alberta counterparts, it is my understanding that a further analysis of the issue will be led by Ms. Rosalie Cunningham, Competitiveness Branch, AARD. Should specific questions arise during the review process that might be applicable to the federal government, I would encourage her to contact Mr. John Ross, Director, Animal Industry Division, for assistance; he may be reached at [john.ross@agr.gc.ca](mailto:john.ross@agr.gc.ca). I wish you good luck with the study.

**Alberta Agriculture and Rural Development**

Policy, Strategy and Intergovernmental Affairs collaborated with Economics and Competitiveness on the following points to be raised in a reply to this resolution.

The kind of food Canadian consumers buy has continued to change. Canadian consumers now spend 50 percent of their food expenditures on food consumed away from home rather than on food bought for preparation at home. Canadian consumers are pressed for time and, for food bought for preparation at home, are buying further processed foods such as frozen french fries rather than raw materials such as potatoes.

These changes mean that there are many more steps in the supply chain that connects the farmer to the consumer. The reality is that each of these steps costs money and that each of these steps features a buyer whose job is to ensure that he gets the lowest possible cost of raw materials for his operation.

ARD is concerned about the increasing degree of separation between the producer in rural Alberta and the consumers in urban Alberta. We have a number of programs designed to enable farmers and consumers to connect directly with each other and to do business with each other.

On February 2, 2010 ARD announced the "Explore Local" initiative. The Explore Local initiative brings together our farm direct marketing initiative, our regional cuisine initiative and our Ag-Tourism initiative as well as the Farmers' Market program. ARD takes very seriously the need to facilitate opportunities for Alberta's producers to make a direct connection with the consumer and to integrate into value chains that increase the return to the primary producer.

In terms of market power and concentration the Competition Bureau of Canada is a federal agency that promotes competitive markets by enforcing laws against anti-

competitive behavior and the abuse of market power. Organizations with concerns about anti-competitive behavior should contact the Competition Bureau.

**Provincial ASB Committee:**

**The Committee Accepts in Principle this response.**

The Committee originally gave this resolution an Incomplete grading, but further information had been received by the Committee in the form of two CanFax reports which shed more light on the topic (follows). The Committee amended the grading to ACCEPT IN PRINCIPLE. When speaking to Minister Hayden about this Resolution the Committee broached the idea that perhaps ALMA could help with this issue by focusing on profitability.

*"The established method of reporting farmer's share and price spread as a percentage of the consumer's food dollar has contributed to a wide misunderstanding of the true economic relation of agriculture to food processing and distribution. It has made them appear as competitors for a fixed value, rather than as partners in the production of greater value."* – Atchley<sup>1</sup> (1956)

There has been renewed interest in the farmer's share of the retail dollar recently. But it is somewhat unclear what these numbers are, how they have changed and what they actually mean.

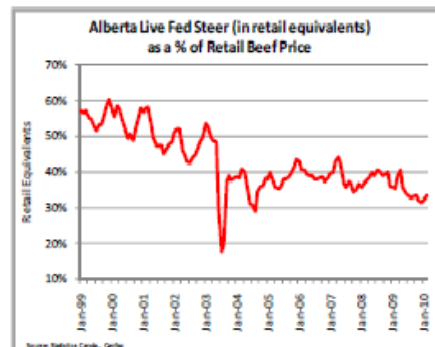
## Price Spreads and Margins – What are they?

Price spreads, gross margins, and net profits measure different components of the spread between what farmers receive and consumers pay. Price spreads measure the difference between prices of an equivalent quantity of product at different marketing levels. Gross margins refer to the difference between dollars paid and dollars received for beef by a particular firm. They represent the tab for a packer's or retailer's labor cost, packaging, overhead, other costs and any net profit. Net profit or loss is the measure of the difference between gross margin and the total operating costs of a firm.

The Farmer's Share of the Retail Dollar is calculated rather crudely by taking the average live fed steer price \$/cwt received at the feedlot in retail equivalents divided by the average retail price \$/cwt of beef (sourced from Statistics Canada). The reason the live price is adjusted to retail equivalents is due to the difference in volume sold at each level. A 1350 lb live steer may be sold at the feedlot, but only 800 lbs is available for sale at the wholesale level and approximately 580 lbs at retail. Therefore, in December 2009 the average Alberta fed steer price was \$77.50/cwt but when adjusted to retail equivalent is \$165.8/lb and the retail beef price was \$578.2/cwt resulting in the farmer share of the retail dollar being 31% (the overall trends are the same without the adjustment). Like price spreads this does not take into account changes in cost or profitability at any level.

## How they have Changed

A declining trend in the farmer's share has been observed in all major commodities over the last 30-50 years from wheat, soybeans, and corn, to beef, pork, and poultry. In January 2000 the Farmer's share was 56% and 10 years later in January 2010 it was 31%. After declining from 1999 to 2004 the Farmer's Share has stabilized in recent years and has ranged between 31% and 43% since 2005. The question to ask is what is it about these commodities that are the same and has contributed to this trend. Consumers are getting further away from their food. The average distance food travels



<sup>1</sup> Atchley, F.M. "Alternative Approaches to the Marketing Margin: Farmer's Share Concept" J. Farm Econ. 38(1956): 1573-1585.

before getting to the consumer has increased dramatically over the years. In addition, consumers are looking for value added products.

What does it all mean?

Ultimately, changes in the farmer's share of the retail dollar statistic depend upon supply and demand elasticity's and the size and source of the shocks to the marketing chain. For instance consider Figure 1 which shows the relevant marketing linkages for a two sector marketing chain, representing the beef industry, which is separated into a slaughter (farm) sector and retail (processing) sector.

Where the farm sector is represented by:

(D<sub>f</sub>) Beef packing plants demand for slaughter cattle and

(S<sub>f</sub>) the supply of slaughter cattle by feedlots.

And the retail sector is represented by:

(D<sub>r</sub>) consumer demand for beef and

(S<sub>r</sub>) the supply of beef offered by retailers

The difference between the equilibrium prices ( $P_r - P_f$ ) represents the farm to retail price spread or marketing margin ( $M_m$ ).

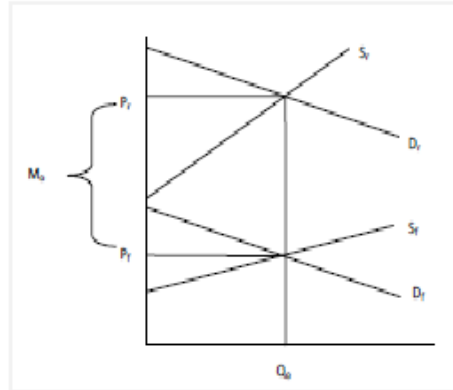
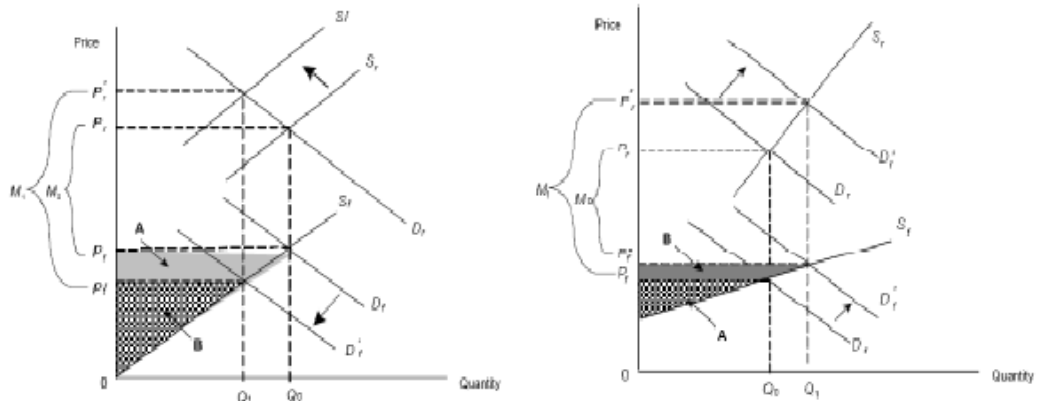


Figure 1. Retail and Farm level Supply and Demand

Figure 2 shows an increase in food processing labor costs at the retail/processor level and the effect on the marketing margin and producer surplus. This cost increase shifts the supply of beef retailers are willing to provide from  $S_r$  to  $S_r'$  generating a new equilibrium retail price ( $P_r'$ ) and consequently a new demand for slaughter cattle and slaughter price ( $P_f'$ ). The new larger marketing margin is represented by  $M_m'$ . In this case the farmer's share statistic would decline because of the lower slaughter price which translates into a smaller percentage of the higher retail price.





In addition, producer surplus (which is a measure of producer welfare and is calculated as the area below the price received and the cost of producing it as indicated by the supply curve) would decline from the A+B area to just B as slaughter cattle prices and quantity declined. Thus, an increase in the cost of labor increases the marketing margin and reduces both the farmer's share of the retail dollar and producer surplus. There are a number of things that would result in this same result including adding value to a product which increases cost at the retail/processor level. So point proven, a downward trend in the farmers share of the retail statistic is a bad thing for the producer? Maybe not.

Let us consider the effects on the marketing margin and producer surplus from an increase in retail demand. Figure 3 shows an increase in consumer demand from  $D_1$  to  $D_1'$  which in turn increases the demand for slaughter cattle from  $D_2$  to  $D_2'$ . Retail and farm prices and quantities all increase. The marketing margin also increases from  $M_0$  to  $M_1$ . However, because the retail price increases proportionately more than the slaughter price - the farmer's share of the retail dollar declines. This is caused by a relatively flat supply curve which is the nature of commodity products because when price increases/decreases there are many producers who increase production resulting in a relatively larger increase/decrease in supply. It should be noted that while the marketing margin increased, the producer's surplus also increases from area A to area A+B. Indicating the farm level is better off despite the farmer's share of the retail dollar being lower.

### Conclusions

Over the years, the farmer's share of the retail dollar statistic has been incorrectly used as a proxy for farm/ranch profitability and producer welfare. It has even been used as an indicator of anti-competitive behavior in the food processing industry. However, the farmer share of the retail dollar and their counterparts, marketing margins, provide no hard evidence of imperfect competition/marketing power in the food processing industry because the trends in these numbers can be attributed to any number of changes within industry.

*"I think we can say that the farmer's best interests are not always served by increasing the farmer's share of the consumer's dollar. If they were, then farmers would sell directly to consumers. But the marketing system which we have developed does the job cheaper than farmers can do it. If an added marketing service increases the market or the value of the final product more than the costs, farmers stand to benefit for the added service even though it may lower the farmer's share." – Atchley (1956)*

Therefore, the farmer's share of the retail price statistic is not an accurate proxy for market power or imperfect competition. In fact, little or no reliable information is conveyed by this statistic. Consequently this data should not be used for policy purposes.

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<sup>3</sup> taken from Brester et al. 2009



## Retail Margins

May 2010

Prepared by Canfax Research Services

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Producers are asking where the retail dollar is going throughout the beef supply chain. Is one sector getting an excessive proportion? However, to understand this issue fully one must also ask what margin is being made? To do that one must look at what it costs to get beef to the end consumer. Before we start, let's review the difference between price spreads and margins.

### Price Spread and Margins

Price spreads, gross margins, and net profits measure different components of the spread between what farmers receive and consumers pay. Price spreads measure the difference between prices of an equivalent quantity of product at different marketing levels. Gross margins refer to the difference between dollars paid and dollars received for beef by a particular firm. They represent the tab for a packer's or retailer's labor cost, packaging, overhead, other costs and any net profit. Net profit or loss is the measure of the difference between gross margin and the total operating costs of a firm. A contribution margin is between gross and net margins in that it accounts only for variable costs.

### Producer and Packer

Most producers are familiar with the cow/calf and feedlot end of things. So we'll start with a finished steer of 1350 lbs selling at \$85/cwt (Canfax 2009 annual average) to the packer. The packer has procured this animal for \$1,147.50 and it is turned into boxed beef. Using a 60% yield this animal will produce 810 lbs of carcass hot and 784 lbs once cooled. The cutout value of \$1.63/lb (Canfax 2009 annual average) provides a value of \$1,278 boxed. Add to this a drop value of \$75/head for offal's and hide and the packer now has a gross value of \$1,353, less the procurement cost provides a gross margin of \$205.50 for the packer. Remember these are gross and not net margins. Kill, fabrication, and packaging costs are estimated to be around \$190/carcass for a large efficient plant (including SRM removal)<sup>1</sup>.

### Diminishing Volumes

To calculate the retailer/processor margin we must first calculate the total meat that comes from a 784 lb carcass. As an industry standard, it is noted that every 100 lbs of live weight there will be a 58% yield to get to a cold carcass equivalent. To get to retail another quarter of the volume will disappear leaving 42 lbs of saleable boneless beef. So after boning, breaking and shrink this carcass will produce 572 lbs saleable beef at retail. This difference in the volume of product sold at each level is important. It means that for every pound of beef sold at retail 2.36 lbs were bought from the feedlot.

### Retail Value

There are a wide variety of beef products sold at retail ranging from high valued middle meats to trim. Statistics Canada reports a simple average retail price of seven beef cuts that is around \$5.83/lb for 2009. This simple average does not account for difference in volume which is sold at higher and lower values. Middle meats which only account for 30% of a fed carcass but valued much higher are weighted the

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<sup>1</sup> George Morris Centre, April 2010

same as end meats which account for 58% of the volume and trim which accounts for 12% of the volume. In addition, these prices do not account for featuring or loss leaders. Using Nielsen<sup>2</sup> data which records actual sale data and thus accounts for featuring and loss leaders provides a retail beef price of \$4.19/lb – that is 28% lower than the Statistics Canada price. It should be noted that these two prices trend together and it is their magnitude which is different.

It should be noted that only 52.4% of Canadian beef production (including slaughter cattle exports) stays in the domestic market. Of that 84% of the meal occasions are sourced from retail and 16% from foodservice<sup>3</sup>. So for every 100 lbs of beef produced in Canada only 44 lbs are sold at retail. Since the entire carcass is not sold at retail this makes any valuation based off of retail prices skewed – with prices received at foodservice and from exports being higher. It should also be noted that 46% of beef sales at retail is ground beef (with a portion of this coming from non-fed cattle and imports). However, it is the best data source that is available for this type of analysis.

#### Retail Costs

Of a 572 lb carcass only 448 lbs would show up at Canadian retail with the rest being exported or going to foodservice. But not all of the 448 pounds is sold as meat. There are a variety of yield losses and shrink between the purchase by the retailer and the purchase by the consumer. One cannot say *the cost from the packer + storage + transportation + wrapping + labour + reasonable profit = the retail price of beef*. For example, a top sirloin from the packer at \$8.50/kg (\$3.85/lb) cut into steaks yielding around 76% - removing fat, gristles, nerves, blue skin resulting in a 24% loss. Therefore, taking the \$8.50/kg for the top butt divided by 76% the retail value becomes \$11.18/kg (\$5.07) for the steaks. This yield obviously varies for each primal and what it is being cut into.

In addition, most retailers would historically grind older product but with E-coli this practice is largely gone. There is always some degree of loss at retail either in the cooler from damaged boxes or on the shelf. This results in approximately 6% of beef on the shelf that does not sell and in turn must be discarded. There is also loss from shrink (2-3%). For the purposes of this example we will use an average 21% for yield loss, unsold product and shrink<sup>4</sup>.

It has been estimated that half of the cost for a retailer is in processing and transportation – these do not change with the cost of the product. There is transportation to distribution centers (typically paid by the packer) and transportation to the actual stores (paid by the retailer). There is the cost of storage at distribution centers and at the store as well as the cost of the meat counter space – this can go to poultry or pork very simply if they provide larger retail margins. Transportation from the distribution centers to the retail stores is estimated at \$0.033/lb and warehousing and storage at \$0.31/lb<sup>5</sup>.

Processing can be very basic in cutting sub-primals into cuts or more involved with value-added products. For now we will only look at fresh beef at the meat counter. Costs at the store include labor (7.5-10% of gross sales), and packaging materials (2-5%). We will ignore overhead costs such as advertising, refrigeration, shelf space, rent, management, etc.

<sup>2</sup> Nielsen Market Track, Fresh Meat (RW+FW), National XNFLD Grocery Banner, 52 week periods Ending December 19, 2009; Average Retail Price.

<sup>3</sup> National Eating Trends, NPD, 2008

<sup>4</sup> Assumes 50% ground beef with 9% shrink and unsold product and 50% other product with 24% yield loss plus 9% shrink and unsold product

<sup>5</sup> Lawrence A. Duewer, Kenneth R. Krause and Kenneth E. Nelson. October 1993. U.S. Poultry and Red Meat Consumption, Prices, Spread and Margins. USDA, ERS Agriculture Information Bulletin Number 684. Adjusted by Canfax Research Services (March 2010) for exchange rate and updated for inflation using Statistics Canada, Consumer Price Index.

Given those assumptions and industry practices, using the Nielsen data and multiplying \$4.19/lb by the 448 lbs provides a gross revenue value of \$1,877. Subtracting the procurement cost of \$706 (448 lbs \* \$1.50/lb<sup>6</sup> + \$0.10/lb transport to a distribution centre) gives a gross margin of \$1,160. Recall that the gross margin is defined as the total revenue less that procurement costs. From the gross margin the average cost of \$1.77/lb<sup>7</sup> over 448 lbs (\$793) to get the product from the distribution centre to the consumer, leaving a contribution margin of \$367 at the retail level.

Margins vary widely at retail depending on the cut and time of year. When broken down by the sub-primals sold at retail we can see that larger margins are made on Ribeyes and Chuck Tender (Eye of Chuck) while margins are extremely small to negative on the Top Butts, Outside Eyes, and Top Blades.<sup>8</sup> The latter items are frequently used in features with the purpose of increasing foot traffic and overall sales at the meat counter. A contribution margin of 20% before taxes, interest and overhead (i.e. advertising, refrigeration or any other management and building costs) is estimated using these assumptions. Industry sources indicate net retail margins of 5-6%.

A retailer's willingness to pay for each cut depends on their mix of cuts they sell knowing that a loss will be made on some items which will be made up by profits on other items. However this mix is very different from what comes from a single carcass. If one was to look at the sub-primals sold from a single carcass at retail we see that the average retail price is higher at \$4.60/lb (\$10.14/kg) due to a larger proportion of high valued middle cuts. Ground beef coming from a fed animal only represents 21% of the total volume as compared to retailer who sells 46% of its volume as ground beef. Despite this higher average retail price higher costs accrued by the retailer on these items and a heavier weighting on items that have very small volumes sold at retail (due to sub-primals that are sold into retail, foodservice and export markets) result in the contribution margin on items from the fed carcass being lower at around 8%.

#### Competition in the Retail Sector

The Canadian retail landscape has seen significant change recent years with the emergence of Wal-Mart Supercentres. Sobeys, Loblaw's, and Metro have been working on re-positioning their different retail formats to meet the changes that are occurring on both changing Canadian demographics as well as strong competition. Over the past 15 years; growth in Wal-Mart and Club format stores has increased competition in centre store categories such as dry goods and non-foods. There are also non-traditional retailers such as Costco and Shoppers Drug Mart that are eroding centre store (non-perishable items) market share.

With this changing competitive retail landscape it has forced traditional retailers such as Sobeys, Loblaw's, and Metro to refine their points of competitive differentiation with focus on fresh foods. Considering this they place a great deal of focus on their perishable departments that include meats. It is all about delivering a value proposition that goes far beyond simple marketing of price points. While they use their centre store to drive traffic, they use their perishable departments to drive customer loyalty through value added branded programs, variety, freshness, and in-house butchery.

<sup>6</sup> A weighted average boxed beef price of the items retailers do buy since retailers do not buy the entire carcass.

<sup>7</sup> Costs are based on a percentage of gross sales and weighted to the retail mix of cuts – 10% labor, 3% wrap, 6% not sold, 3% shrink, 12% yield loss, and 34.3 cents/lb transportation and storage.

<sup>8</sup> A detailed appendix is available upon request

**Resolution #3**  
**UNCONFINED SEED RELEASE FROM RAIL CARS**

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that Alberta Agriculture and Rural Development work with Transport Canada and rail companies towards the elimination of spillage of seed products of agriculture from rail transport carriers.

**Status:** Provincial/Federal

**Department:** Alberta Agriculture and Rural Development  
Transport Canada

**Transport, Infrastructure and Communities**

As Canada is a major producer of grain, over 300,000 railcar movements take place each year in the transportation of grain in Canada. Given the magnitude of the undertaking, it is not surprising that spillages of grain may occur. However, the federal government and the Canadian National Railway and Canadian Pacific Railway continue to take the necessary steps to minimize the impacts of such events.

As you may know, in 2007, the Government of Canada entered into new operating agreements with Canadian National Railway and Canadian Pacific Railway for the reimbursement, maintenance and operation of the federal fleet of grain hopper cars. Since signing the agreements, both railways have been undertaking an extensive refurbishment of the federal hopper car fleet. This work has included the repair and, as required, the replacement of the gates on the hopper cars. Transport Canada safety inspectors have verified that the work on the majority of the federal cars has been completed. While there are still some cars to be refurbished, the spillage of grain from the Government of Canada hopper cars has been virtually eliminated.

As the railways also operate sizeable hopper car fleets owned by the two companies and others owned by the Canadian Wheat Board and the provinces of Alberta and Saskatchewan, you may wish to also communicate directly with these entities to make them aware of the concerns of the delegates at the Alberta Agricultural Service Board Conference.

Both railways are aware of the economic and environmental impact of spilled grain. Despite the cleaning that grain receives at primary elevators before shipment, there may be a minimal amount of weeds present within bulk shipments which has the potential to introduce noxious weeds into the environment and could present a problem for wildlife. For these reasons, the railways regularly employ vacuum cars to clean up spillages. In addition, the railways routinely remove weeds from the track area as they may hinder the safe train operations.

I am confident that the railway equipment used and the processes followed today have greatly minimized the impact of grain spillages.

## **Alberta Agriculture and Rural Development**

Since rail cars need to move to get grain to market, and normally are not expected to be a cause for the spread of weed seeds, unless an inspector can determine that condition before hand, Section 4(1) should be appropriate to address this concern.

If an inspector can determine a concern with a rail car before it moves he/she could issue an Inspector's Notice under Section 13(1)(b) in respect of personal property, to the owner of the personal property, requiring compliance with the Act. The type of weed/seed would need to be identified, based on the release/concern. Notices issued pursuant to this section outline/direct the method and the time frame to control/prevent the spread of weeds. The owner of the personal property must comply with this notice to be in compliance with the Act.

AARD will be contacting Transport Canada and the rail companies to discuss this issue and make them aware of their responsibilities under the *Weed Control Act* and the consequences for non-compliance.

### **Provincial ASB Committee:**

**The Committee Accepts in Principle this response.**

The Committee still has concerns of who is responsible for maintenance on the Canadian Wheat Board and Government of Alberta and Saskatchewan cars. Further research into this issue continues.

**Resolution #4**  
**ALBERTA TRANSPORTATION ROADSIDE WEED CONTROL**

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that Alberta Transportation review their current weed control program to ensure the effectiveness of the program and give consideration to an increase in the current width of ditch that is sprayed as well as implementing a monitoring and assessment program to ensure that severe populations are dealt with proactively not reactively.

**Status:** Provincial

**Department:** Alberta Transportation

**Alberta Transportation**

Alberta Transportation delivers its weed control program through private contractors, managed by departmental maintenance contract inspectors. The weed control program involves a series of spring meetings between the local agricultural fieldmen, the maintenance contract inspectors and our private contractors. In these meetings, the agricultural fieldmen identify areas of local concern and the focus for the weed control program for the upcoming year. Areas of special concern, such as "severe populations" referred to in the resolution, can be identified at that time and a strategy to address the issue developed.

The resolution also asks Alberta Transportation to consider expanding the width of its ditch spraying. The meaning is not totally clear. Alberta Transportation is responsible for weed control within its entire right-of-way. It is not restricted to an arbitrary width, although the method of control may vary according to the nature and location of the weed infestation. If there are situations where it is felt that the extent of spraying is inadequate, this should be brought to the department's attention by the agricultural fieldman. Alberta Transportation is working with Alberta Agriculture and Rural Development to increase the effectiveness of its weed control program and the knowledge of the field staff. The two departments are currently developing a weed workshop tentatively scheduled to be delivered in late May 2010. The intent of this workshop is to emphasize the importance of integrated vegetation management, which includes chemical and mechanical control.

As a member of the Interdepartmental Invasive Alien Species Working Group, Alberta Transportation is establishing standards for a province-wide integrated invasive species management program. The information gathered by the maintenance contract inspectors and other Alberta Transportation staff will be incorporated into Alberta's Pest Surveillance System as well as Alberta Transportation's internal tracking systems, which will allow effective herbicide application and rotation.

**Provincial ASB Committee:**

**The Committee Accepts this response.**

The Committee felt that there was a good working relationship in place with Alberta Transportation staff and contractors and that most concerns were being addressed. Weed notices should be issued in those instances where concerns are not being addressed.

**Resolution #6**  
**GROWING FORWARD WATER MANAGEMENT PROGRAMS EXCLUSION**  
**OF CROWN LAND**

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARD REQUEST**

that crown lands be eligible for water development funding in the Growing Forward Program.

**Status:** Provincial

**Department:** Alberta Agriculture and Rural Development

**Alberta Agriculture and Rural Development**

The Growing Forward Water Management Program has had an active first year. Since its announcement on April 24, 2009 the program has assisted with the completion and technical approval of over 600 Long Term Water Management Plans, resulting in over 400 applications for financial support to implement elements of these plans.

Following the completion of the first year Growing Forward - Water Management Program, the program was reviewed for potential changes. As a result of this review, projects on a few specific types of Crown Land dispositions will be eligible:

- Special Areas Act dispositions:
  - Grazing Lease (to an individual or a corporation)
  - Cultivation Lease (to an individual or a corporation)
  - Explicitly excluded – Community pastures and grazing permits
- Public Lands Act dispositions:
  - Grazing Lease (to an individual or a corporation)
  - Farm Development Lease (to an individual or a corporation)
  - Forest Grazing License (to an individual or a corporation)
  - Explicitly excluded: grazing permits, head tax permits, grazing licenses other than Forest Grazing Licenses, grazing allotments, forest reserve, provincial grazing reserve, cultivation permits, hay permits.

Applicants wishing to develop water supplies on any of the eligible types of Crown Land noted above must comply with the 'prior approval' process of the appropriate land management agency (either the Special Area's Board for Special Areas Act dispositions, or Alberta Sustainable Resource Development for Public Lands Act dispositions)

All other eligibility requirements remain the same, including the requirement of an approved Long Term Water Management Plan (LTWMP) prior to beginning construction. The ability to retroactively develop an LTWMP after project construction ended on March 31, 2010 (the end of the program's 'Transition Year'). Program funding is still on a 'first-come-first-served' basis.

If a potential applicant has questions regarding the eligibility of a proposed project, they are encouraged to contact their regional ARD Water Specialist prior to commencing construction.

**Provincial ASB Committee:**  
**The Committee Accepts this response.**



**The Committee** consensus was that the changes referred to in the response should address the concerns.

**Resolution #7**  
**RICHARDSON GROUND SQUIRREL CONTROL**

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that Agriculture and Agri-Food Canada actively researches a product that is as effective as 2% Liquid Strychnine that could receive permanent registration.

**AND FURTHER BE IT RESOLVED**

until there is a new product proven to be as effective as 2% Liquid Strychnine, producers have continued access to 2% Liquid Strychnine Concentrate to continue to be proactive in controlling the Richardson Ground Squirrel populations.

**Status:** Federal

**Department:** Agriculture and Agri-Food Canada  
Health Canada's Pest Management Regulatory Agency

**Pest Management Regulatory Agency**

Health Canada is working with stakeholders, including grower groups, provincial extension specialists, researchers, and Agriculture and Agri-Food Canada to address the ground squirrel infestation in western Canada.

Knowledge from past experience, in Alberta and Saskatchewan, where severe infestations are a problem, and research have demonstrated that to sufficiently control the severe infestation an integrated pest management approach is required.

A multi-year research project in Saskatchewan is drawing to a close and this has been aimed at developing sustainable methods of control for Richardson's ground squirrel infestations. The results of this research effort will be examined before conclusions can be reached regarding sustainable strategies for control. Every effort will be made to ensure that strategies developed through this research project will be available to users as soon as possible.

In the interim, there are products currently registered for control of Richardson's ground squirrels. These include ready to use baits containing 0.4% strychnine, zinc phosphide or chlorophacinone. In addition the Pest Management Regulatory Agency will continue to consider emergency registration applications for the use of 2% liquid strychnine in areas for which a critical need is identified if such applications are received by the Agency. In Alberta, emergency registrations have been granted for use in areas which have been confirmed to be infested with Richardson's ground squirrels by Alberta Agriculture and Rural Development.

**Alberta Agriculture and Rural Development**

Agriculture and Rural Development (ARD) applied for a temporary emergency registration permit of two per cent liquid strychnine concentrate (LSC) in 2008, 2009 and, most recently, for the 2010 growing season. The LSC should be available to producers by March 1, 2010.

ARD recognizes the effectiveness and the economic benefits of using LSC for both crop and livestock producers in the province. There are currently no other broadly available, safe, effective, or cost efficient alternatives.

While Regulatory Services Division is responsible for ensuring that all emergency permit label requirements are met by the Agricultural Fieldmen and producers, the Pest Management Regulatory Agency (PMRA) regulates the use of LSC.

Resolution 8 requests that PMRA seek an alternative to two percent LSC, or continued use of two percent LSC, until an effective alternative is found. In 2007, the Saskatchewan Agriculture Development Fund contracted Alpha Wildlife Research and Management Ltd. to conduct a three year study on control techniques for Richardson's Ground Squirrels in the Mankota Region of southern Saskatchewan. ARD supported this research in the fall of 2008 with a grant of \$144,955 to the Saskatchewan Association of Rural Municipalities. This funding requires a final report which is due January 31, 2011. We appreciated being advised of the position

**Provincial ASB Committee:**

**The Committee Accepts in Principle this response.**

Consensus was that PMRA would continue to approve the emergency registration of 2% liquid strychnine 'in areas for which a critical need is identified if such applications are received by the Agency' meant that until another broadly available, safe, effective or cost efficient alternative was registered – that 2% L.S. would continue to be available. A question of whether the research into alternatives is still ongoing needs to be investigated.

The Committee has raised this issue to Minister Hayden, and the Minister is fully aware that this issue has been piquing Albertans for many years. Minister Hayden pledged to work with his Federal and Provincial counterparts to resolve the issue.

**Resolution #8**  
**COSMETIC PESTICIDE BANS**

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that the Federal and Provincial governments focus on developing a strategy to promote the legitimate scientific evidence used to approve pesticides as well as the proper use & handling of pesticides.

**Status:** Provincial & Federal

**Department:** Alberta Environment  
Health Canada's Pest Management Regulatory Agency

**Pest Management Regulatory Agency**

Health Canada's priority is the health and safety of Canadians and their environment. Under the *Pest Control Products Act*, a pesticide is registered only if it meets our stringent health and environmental safety standards and proves value in its application. When determining if a pesticide can be used in Canada, the Department's Pest Management Regulatory Agency conducts extensive health and environmental scientific reviews as well as taking into account the available scientific information from governments, academia, industry and the public, including epidemiological and incident reports, both nationally and internationally.

Given the rigor of the evaluation process, we are confident that the pesticides registered for use in Canada can be used safely under the prescribed circumstances indicated on the label. PMRA has been implementing strategies in cooperation with the Federal, Provincial, Territorial Committee on Pest Management and Pesticides that address the registration and use of pesticides. Health Canada provides considerable information on its website and works to raise awareness of the federal regulatory process, the role of the various governments and the importance of safely handling pesticides by, for example, providing representatives and relevant material at information booths at pertinent public events.

**Alberta Environment**

- Alberta is not considering a province-wide ban on the sale and use of pesticides
- Health Canada is responsible for recommendations regarding which pesticides are safe to use. Alberta Environment strongly supports the current national approval system for pesticides
- Alberta communities have differing pest control needs and differing attitudes on how best to solve pest problems
- Alberta Environment will continue to regulate the sale and use of pesticides in the province and work with federal and provincial counterparts to evaluate policies and programs to address pesticide issues
- Alberta Environment will continue to monitor water for pesticide detections and take necessary action to protect water quality. Pesticide detections and possible actions will be reviewed with municipal governments prior to any provincial action
- The provincial ban on fertilizer/herbicide combination products was enacted following reviews with urban and rural municipalities and resolutions from both the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association supporting the ban that took effect on January 1, 2010

- If you require further information please contact Mr. Jock McIntosh at 780-427-0031

**Provincial ASB Committee:**

**The committee finds this response Incomplete.**

ASBs do understand pesticide testing is taking place, and that the products are safe when used correctly. However the concern raised by the Resolution is that a strategy to promote and inform the general public is needed so that individuals and urban municipalities are aware that these products are safe when used correctly. This strategy would assure concerned public and municipalities looking to enact Cosmetic Pesticide Bans that legitimate scientific evidence is used to approve pesticides, and that regulations and regulators are in place ensuring proper use and handling.

A letter was been sent to PMRA and Alberta Environment expressing our concern that the resolution was not answered.

The additional response letters received follow.



Health  
Canada

Santé  
Canada

Pest  
Management  
Regulatory  
Agency

Agence de  
réglementation  
de la lutte  
antiparasitaire

**AUG 06 2010**

Mr. Patrick Gordeyko  
Alberta Agriculture and Rural Development  
ASB Provincial Committee  
J.G. O'Donoghue Building  
200, 7000 – 113 Street  
Edmonton, Alberta T6H 5T6

Dear Mr. Gordeyko:

Thank you for your letter of June 17, 2010, in which you communicate to the Health Canada's Pest Management Regulatory Agency (PMRA) that there is a need for more promotion to the public about the PMRA's regulatory role and activities in pesticide regulation.

The PMRA's primary mandate and focus is protection of human health and the environment while ensuring timely access to economically important and thoroughly risk-assessed pesticides.

The PMRA is aware that often, the perception of the public is to regard the use of pesticides as a potential risk to their health and environment. As part of our 2008-2013 Strategic Plan, the Agency committed to better informing Canadians about how Health Canada regulates pesticides and how they should be used, *and to instil confidence in the pesticide regulatory system*. In recent years, a number of activities undertaken by the Agency have attempted to address the issue of better communication to Canadians.

Currently, outreach activities tend to be focussed on ensuring that pesticides are used responsibly. For example, the Agency recently produced an information leaflet detailing the importance of following label directions for the appropriate use of personal protective equipment. This information is produced in a number of different languages with the goal to communicate to a large, diverse population of agricultural workers.

The PMRA has also produced a series of public materials available on Health Canada's website, and in leaflet form through the Health Canada Distribution Centre.

.../2

Canada 

Topics include treatment approaches for household pests, information about pesticides and food, and details on how pesticides are regulated. The Health Canada website benefits from 1.2 million visits per month. These materials are also distributed at various public events either by regional staff, or through the Rural Exhibit Program.

It is our goal to continue to find opportunities to outreach and communicate the Agency's roles and responsibilities in order to help Canadians to make informed and responsible decisions about pesticide use.

I hope this addresses the concern raised by the Committee. Thank you for your interest.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marion Law".

Marion Law  
Chief Registrar  
PEST MANAGEMENT REGULATORY AGENCY

10 August 2010

Patrick Gordeyko, Chair  
Provincial A.S.B. Committee  
200 J.G. O'Donoghue Building  
7000 113 Street  
Edmonton AB T6H 5T6

Dear Mr. Gordeyko:

**Subject: Response to ASB Resolution on 'Cosmetic Pesticide Bans'**

Thank you for your letter of June 17, 2010 seeking a more complete response regarding a "strategy to promote and inform the general public is needed so that individuals and urban municipalities are aware that these products are safe when used correctly."

There is an important distinction to be made regarding outright pesticide bans and the "cosmetic" bans currently being debated or enacted by municipal and provincial governments. The vast majority of bans in urban areas appear targeted at "cosmetic" uses. This approach does not limit the application of all pesticides, and continues to sanction and support pesticide use where it is considered essential to protect human, animal, or plant health. Residential maintenance has been the focus of the vast majority of these urban bans. Indeed, "cosmetic" pesticide bans are inherently value judgements, and not based on scientific factors. As an example, many of the urban cosmetic pesticide bans have excluded golf courses from their purview, as this remains an area where residents value aesthetically-pleasing landscapes over perceived human health impacts, at least as it relates to their golfing experience.

It must also be emphasized that Alberta Environment's approach to pesticide regulation is based on the risk analysis conducted by Health Canada, of which we have the utmost confidence. The registration process undertaken by the Pest Management Regulatory Agency is not intended to eliminate risks, but rather balance benefits and risks of various pesticides. The information generated by that process is available to the public, regulators, and other levels of government alike.

Similarly, recent support for pesticide bans in larger municipalities has been influenced by non-governmental organizations, using the information generated by Health Canada. Again, the basic information generated by the risk assessment process is open to the public, and various organizations use this information to achieve their stated goals. Alberta Environment cannot control how various parties use this information, including how they frame the data in their presentations to the public. It is suggested that the ASB Committee undertake discussions with



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the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association this fall to ensure that urban politicians are aware of the potential impact that information campaigns may have on their jurisdictions. These associations are in a better position to call attention to the issue you raise than Alberta Environment. The Department, however, is available to offer information sessions on various pesticide use trends, as well as their applications and risks, if the parties are interested.

Alberta Environment's role is to ensure pesticides are used judiciously through sales, handling, use and application regulations and our monitoring of impacts of use intensity in the province. The Department will continue to work with the pesticide industry (application and distribution); federal, provincial, and municipal governments; non-government organizations; and the general public providing factual information on pesticides, regulations, pesticide sales, and environmental monitoring.

I am available to discuss the matter further with the Agricultural Service Board if necessary to further clarify this issue.

Yours truly,



Jack McIntosh  
Pesticide Policy Advisor

cc: Marion Law, Chief Registrar  
Pest Management Regulatory Agency

**EMERGENT RESOLUTION #1**  
**Agricultural Service Board Act review regarding**  
**the impact of Agrology Profession Act**

**THEREFORE BE IT RESOLVED THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST** that Alberta Agriculture and Rural Development ensure that a provision be included in the *Agricultural Service Board Act* which exempts Municipal staff from mandatory membership in the Alberta Institute of Agrologist's as stated in the *Agrology Profession Act*, to ensure that Municipalities can maintain autonomy in hiring qualified persons of their own determination to continue their mandate to protect agricultural resources in their communities as they have done for the past 65 years.

**Status:** Provincial

**Department:** Alberta Agriculture and Rural Development  
Alberta Employment and Immigration

**Alberta Employment and Immigration**

I understand that this resolution seeks to amend the *Agricultural Service Board Act* by including a provision that would exempt municipal staff from being required to become members of the Alberta Institute of Agrologists (AIA), through the mandatory registration provisions of the *Agrology Profession Act (APA)*. I have referred this matter to Adrian Pritchard, Director of our Professions and Occupations office, which is responsible for the administration of a number of non-health professional statutes, including the *Agrology Profession Act*.

Mr. Pritchard advised that the *APA* came into force in 2007, and governs the practice of agrology in Alberta. The *APA* establishes the AIA as the governing body for the province's agrology profession, and grants title protection rights to Professional Agrologists (P.Ag.) and Registered Technologists in Agrology (R.T.Ag.). The *APA* also includes mandatory registration provisions, which require persons, who wish to practice as P.Ag.s or R.T.Ag.s, to be AIA members. It should be noted that in 2005, during stakeholder consultations regarding the *APA's* formulation, Agriculture and Rural Development were fully supportive of this legislation.

Turning to the issue of mandatory registration, Mr. Pritchard advises that these *APA* provisions require individuals to be AIA members, if they:

- a. provide services which fall within the "practice of agrology" (*APA* section 1(1)(v));
- b. meet academic, professional and experience requirements (*APA* section 22); and
- c. are not exempted from membership by virtue of providing such services under another enactment (*APA* section 40(4)).

All of these requirements must be met in order for the AIA to register persons as members of that organization. Any individual who provides agrological services under another enactment, such as agricultural fieldmen whose responsibilities derive from the *Agricultural Services Board Act*, would automatically be exempt from AIA membership. Similarly, municipal staff whose employment responsibilities fall under the *Weed Control Act*, the *Agricultural Pests Act*, the *Soil Conservation Act* and the *Animal Health Act*, would also be exempt from AIA membership.

In light of these findings, the proposed resolution to amend the *Agricultural Services Board Act* to exempt all municipal employees from AIA membership is, in our view, unnecessary. The *Agrology Profession Act* already contains provisions that exempt persons, including municipal employees, who provide agrological services under the authority of other legislation from such membership. In addition, this proposed total exemption would significantly hamper the AIA in carrying out their legislated responsibilities, when seeking to register agrology professionals who fall under the APA's mandatory registration provisions.

In closing, I wish to thank you for providing my department the opportunity to comment on the proposed resolution. Should you require further information on this matter, please contact Mr. Pritchard directly by telephone at 780-422-3740 or by e-mail at [adrian.pritchard@gov.ab.ca](mailto:adrian.pritchard@gov.ab.ca).

### **Alberta Agriculture and Rural Development**

As you are aware, the *Agricultural Service Board Act* is currently under review. The Act 8(1) states that the Board "must appoint a qualified person as Agricultural Fieldman" and that "fieldmen shall act as a designated officer of the municipality".

In consultation with Alberta Employment and Immigration, who is responsible for the *Agrology Profession Act*, an exemption for municipal employees under the *Agricultural Service Board Act* is unnecessary. Although this amendment to the *Agricultural Service Board Act* will not be included, we will continue to work with municipalities to update the Act as required.

### **Provincial ASB Committee:**

#### **The Committee Accepts in Principle this response.**

Although the legal opinion received was that inspectors are exempted via appointment under the ASB Act, consensus was that ASBs would like to have the exemption specifically written into the ASB Act.

The Committee made Minister Hayden aware of our wishes and the Minister opined that including the amendment seemed plausible.

## FROM THE 2009 CONFERENCE

### **Resolution #1: FARMER PESTICIDE CERTIFICATION COURSE THEREFORE BE IT RESOLVED**

#### **THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that Alberta Environment and Alberta Agriculture & Rural Development staff have the resources in place to facilitate and instruct the Farmer Pesticide Certification program in a timely and efficient manner in rural Municipalities that do not offer this type of training and to supplement the training opportunities in the remaining municipalities if required or requested.

#### **RESPONSE:** *(Summarized)*

*The Farmer's Pesticide Certification Course (FPCC) has recently been reviewed and rewritten in consultation with Alberta Agriculture and Rural Development (ARD), Alberta Environment (AE), agricultural fieldmen and an ASB Provincial Committee representative. One objective of this review was to make the FPCC more accessible to all farmers in Alberta so an Internet based training tool was developed.*

*Farmers may receive their Farmer's Pesticide Certification by either completing the self-study course or by attending a classroom training session. The self-study course is available online through ARD's "Ropin' the Web" website and through the Ag Info Center. The online course allows farmers to complete the course at any time convenient for them.*

#### **Update:**

The ASB Grant Program office has already spoken to fieldmen in the Peace region and is willing to conduct classroom training sessions for farmers interested in obtaining their Farmer's Pesticide Certification. These sessions would be a pilot project to gauge the success of the classroom training. These training sessions will be based on demand from farmers in the region and there is potential for several training sessions to be held. The training sessions will be coordinated by the fieldman and ASB Grant Program office.

**Resolution #3: Alberta Agriculture and Rural Development: Agricultural Service Board Funding Program – Response rating; INCOMPLETE**

Therefore be it resolved that Alberta's Agricultural Service Boards request that Alberta Agriculture and Rural Development review the current Agricultural Service Board Grant Program, increasing funds available and including an annual Cost of Operations increase to help offset the effect of inflation on the costs of program operations.

**Response (summarized):**

**Alberta Agriculture and Rural Development**

*The most recent review of the Agricultural Service Board Grant Program saw changes implemented in 2005. At that time, some important key changes were made, with intent to review the program again in 2010.*

**Committee comments:**

The concern of inadequate funding is raised to the Minister at every meeting and we are told that until the province's financial situation improves, we are unlikely to see any increased funding.

Changes have been implemented to the Funding program which will see a more stable formula being used, and the majority of ASB's will receive an increase in funding, but at the cost of other ASBs.

ASBs do appreciate the added flexibility which is being implemented, intention being ASBs will be allowed to use the funding for the programs they feel are most important within their areas. But as costs continually increase and no new funding is added the effect becomes Municipalities are left to bear an ever increasing portion of the costs to operate vital programs legislated by the Province.

**Resolution #4: Clubroot Financial Assistance Program – Response rating;  
UNSATISFACTORY**

Therefore be it resolved that Alberta's Agricultural Service Boards request that Alberta Agriculture and Rural Development allocate additional funding separate from the current A.S.B. Grant to cover 100% of the costs incurred due to sampling and extra staffing as required to carry out surveys to locate Clubroot infestations.

**Response (summarized):**

**Alberta Agriculture and Rural Development**

*(ARD) currently allows partial cost recovery through the Agricultural Service Board Grant Program. This program is scheduled to be reviewed in 2010 and if available, additional resources could be allocated to assist with surveying and the cost of testing at that time.*

See response to #3, above.

Resolution #5: AESA/ASB Grant Program Integration

**THEREFORE BE IT RESOLVED**

**THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST**

that Alberta Agriculture and Rural Development to integrate the AESA program and funding into the Agricultural Service Board Grant Program.

**Update**

The ASB and AESA Grant programs were reviewed in 2010 as part of the provincial government's municipal grants re-engineering process. The purpose of the re-engineering process was to consolidate and simplify grants, improve processes and make it easier to locate and apply for funding.

The ASB and AESA grants were combined as a result of the review into one grant called the ASB grant.

**Resolution #10: Permanent Registration for Liquid Strychnine**

Please see response for resolution #7 for 2010.

## **Resolution #13: Wild Boar Confinement – Response rating; UNSATISFACTORY**

Therefore be it resolved that Alberta's Agricultural Service Boards request that Alberta Agriculture and Rural Development implement a permit system for the raising of wild boars similar to that of raising elk and deer that stipulates fencing requirements to prevent escapes and allow for a more proactive approach to the control of wild boars at large.

**Response (summarized):**

### **Alberta Agriculture and Rural Development**

*Wild Boar at large were declared a pest pursuant to the Agricultural Pests Act on May 31, 2008. The \$50/head incentive pilot initiative is in place and will expire on December 31, 2009. ARD plans to review the pilot and include recommendations of possible solutions to deal with this problem in the future.*

It is our understanding that Regulatory Services Division is in process of developing a permitting/inspection system for wild boar farms. We asked that Minister Hayden encourage his staff to implement this initiative and expedite any requests regarding regulations or permitting.

The \$50 per head incentive program has been extended to March 31<sup>st</sup>, 2011. We are grateful to the Ministry for continuing this welcome initiative and hope to see the program extended further.

### **Update:**

ARD is currently reviewing the Wild Boar Pilot Program to determine if the \$50/head incentive should continue beyond March 2011.



**Emergent Resolution #2: Clubroot Resistant Canola Varieties – Response rating;  
INCOMPLETE**

Therefore be it resolved that Alberta's Agricultural Service Boards request that Alberta Agriculture and Rural Development undertake a provincial awareness campaign that provides accurate information to Alberta canola growers regarding the facts and concerns with the clubroot resistant varieties.

**Response (summarized):**

**Alberta Agriculture and Rural Development**

*Since 2003, ARD staff have made considerable effort to increase awareness of this disease in the agriculture and oil/gas sectors. ARD is committed to keeping the level of awareness high on this issue so canola growers have the information they need to make informed risk management decisions.*

Our concern remains, producers have misconceptions about the resistance currently available, more education & awareness is required.

## RESOLUTIONS FROM PREVIOUS A.S.B. PROVINCIAL CONFERENCES

### **Resolution #6 - 2007 Provincial A.S.B. Conference Tax Code Amendments to Facilitate Sale of Farm Assets**

**Be it resolved:** That Alberta's Agricultural Service Boards request the Department of Finance Canada to amend pertinent tax codes to enhance the application of the Capital Gains Reserve for farm property transactions to arms length individuals

**And further be it resolved:** That Alberta's Agricultural Service Boards request that the tax code regarding capital gains reserve be enhanced to extend the application of capital gains reserve from 10 years to 20 years

**And further be it resolved:** That Alberta's Agricultural Service Boards request that the tax code regarding the sale of qualified agricultural inventory be permitted to include the ability of a seller financing the sale of their inventory over a period of time to qualified purchasers.

**Response (summarized):**

#### **Canada Revenue Agency**

*Please be assured that your views have been carefully considered. As the issue you raise falls within the responsibilities of the Honourable James M. Flaherty, Minister of Finance, I have forwarded a copy of your correspondence to his office for consideration.*

Merle Good of ARD, Brian Brewin (former South Region ASB Committee representative) and Jeremy Robinson, Assistant Fieldman County of St. Paul have met and drafted a proposal document which the Committee reviewed and recommended to Minister Hayden that the 3 recommendations in the report be brought forward for implantation into the Income Tax Act. The proposals put forward are as follows:

### PROPOSED AMENDMENTS FOR THE INCOME TAX ACT

The Agricultural industry in Canada over the next decade will face one of its largest challenges: passing down the family farm to the next generation of farmers. The facts are simple; the average age of the Canadian farmer is increasing with the majority approaching retirement age and facing large tax liabilities, while the decreasing numbers of young farmers are unable to finance the purchase of necessary farm assets due to a lack of equity. These issues, and the solutions derived to address them will determine how agriculture will look in twenty years.

There are a number of proposals that may be considered with respect to amending Income Tax policy to address the ability of retiring farmers to enable the transfer of assets to the new generation of farmers that will address both their tax liability and the ability of the new farmer to acquire assets.

**One:** It is proposed that the 10 year Capital Gains Reserve be extended to 20 years for farm property transactions to both family members and non-related individuals. In many situations farmers who have no children who actively farm wish to transfer part of their farming assets to related parties like nephews and nieces. In certain situations the recipient party may not even be related. In implementing this strategy both the retiring farmer and the new entrant would benefit. The ability of the retiring farmer to spread capital gains over a longer period of time would reduce their tax liability and reduce Old Age Security claw back and the Alternative Minimum Tax. The new producers would benefit by extending their debt over a longer period of time and reducing their annual payments and their dependence on traditional financing.

In addition, under estate planning a 20 year reserve will allow for the sale of land where no proceeds are actually paid but a demand promissory note is established forgivable on death. This note gives the parents a form of security that if the children sell the land before their death, get divorced, etc then they can call the

note in. Upon their death there are no adverse tax rules upon forgiveness of debt. In many cases a 20 year reserve will eliminate the Alternative Minimum Tax and the OAS claw back and yet allow the parents to utilize their Capital gains exemption and the children a bump in their adjusted cost base (ACB).

**Two:** It is proposed that amendments to the Income Tax Act be undertaken to address the transfer of depreciable property over a period of time. The successful transfer of depreciable property is critical for the successful transition of the operating assets of a farm business. This is more important than the land as beginning farmers need equipment and buildings to operate their farms.

If amendments to permit the transfer of depreciable property are not undertaken, accountants will continue to form partnerships and corporations in order to utilize provisions within the Income Tax Act that force producers to use complicated structures to accomplish the same end result. For example if a producer were to transfer equipment to a company then he can sell the shares over time and utilize the capital gains reserve. Although this strategy is effective in most cases the practicality of small farms using a partnership or corporation is not feasible. It makes sense to utilize a reserve on recaptured depreciation on the sale of equipment over time.

**Three:** It is proposed that the Income Tax Act be amended to utilize the definition of breeding herd as found under the Drought Deferral Program for the sale of breeding livestock. Presently if a producer sells breeding livestock over time the vendor is deemed to have arranged a financing contract. Under this reasoning the vendor is taxed on the entire proceeds of the sale and the purchaser is deemed to have paid for the cattle and receives an offsetting deduction. For new farmers this large deduction is probably not needed in the year of the purchase. In addition if the purchaser has off-farm income he still cannot use the deduction because of the Mandatory Inventory Adjustment rules (MIA) which restricts the creation of a farm loss through the purchase of inventory. These rules once again require business structures to "get around" the adverse taxation of breeding herds.

**Resolution #'s 11, 12, 13 - 2008 Provincial A.S.B. Conference – 3 similar resolutions received reasonable responses from AFSC, and carbon copy responses from SRD, the SRD response is shown exactly as received.**

**Resolution #11: Improvement in Quality of Fencing provided by Alberta Sustainable Resource Development**

**Be it resolved:** That Alberta's Agricultural Service boards request that Alberta Sustainable Resource Development increase the quality and quantity of fencing provided to farmers and to also provide them with fence posts.

**Resolution #12: Wildlife Damage Compensation Program for Silage**

**Be it resolved:** That Alberta's Agricultural Service Boards request that Agriculture Financial Service Corporation and Sustainable Resource Development, Fish and Wildlife Division include damage from wild ungulates to silage in the Waterfowl and Wildlife Damage Compensation Program that the departments now offer.

**Resolution #13: Wildlife Damage Compensation for Swath Grazing**

**Be it resolved:** That Alberta's Agricultural Service Boards request that Alberta Sustainable Resource Development, Fish and Wildlife Division and Agricultural Financial Services Corporation (AFSC) include crops cut for Swath Grazing as an eligible crop under the Wildlife Damage Compensation Program.

**Response:**  
**Alberta Sustainable Resource Development**

*Producers who experience ungulate damage to feed supplies may receive assistance from Sustainable Resource Development (SRD) through the Ungulate Damage Prevention Program. Materials such as scaring devices, repellents, intercept feed, stack wrap fence and, for chronic problem areas, permanent big game fence may be provided to producers. In 2006/07 over \$1,100,000 was dedicated to assisting producers experiencing ungulate damage and to-date in 2008 an additional \$400,000 has been dedicated for ungulate fencing.*

*The type of permanent big game fence that SRD provides has been in use for several years and in many cases is the same fencing used by big game farmers to keep their stock in and wild ungulates out. Although there may be the rare occasion where the fence is breached, there have been very few incidents reported to SRD regarding the quality of the fence provided. SRD staff will monitor and verify complaints regarding fence quality and if necessary a change will be recommended on future orders.*

*The compensation and prevention programs have recently undergone an external review. While we are only considering the recommendations of the consultant in-house at this stage, the provision of posts is an item addressed in those recommendations.*

*The Agriculture Financial Services Corporation (AFSC) administers the wildlife damage compensation programs in the province. Recommendations for enhancements to the program to include compensation for damage to silage and crops cut for swath grazing should be directed to AFSC for comment.*

The Provincial A.S.B. Committee has requested an opportunity to review the Sustainable Resource Development external review report, and it has not been received to date. We have asked Minister Hayden to pressure SRD in finalizing and sharing their review report.

Sincerely,  
Patrick Gordeyko, Chair  
Provincial A.S.B. Committee  
1 (780) 657-3452  
pgordeyko@thcounty.ab.ca