

Feeder Associations Annual Zone Meetings

June 2008

**Moving Forward Despite
Adversity**

Association Statistics-

- A Good News Story !!

March 2008 276,000 Hd. \$159 Mil

March 2007 288,000 Hd. \$178 Mil

Averages Drop \$90 /Head

Beef Industry Update

- Futures Markets Begin To See A Shortage Of Cattle This Fall
- Record Numbers Of Feeder Cattle Exported
- Cattle Of All Classes Trading \$10 to \$15 Higher In June
- The Reality of Less Cattle To Trade, Feed, And Slaughter Will Be Realized This Fall !!
- COOL Will Come Into Effect In Sept In the USA— Overall Effects Are Unkown- We All Agree it will Be Negative

Industry News Continued-

- Cost Of Gain At \$.90 per pound+
- Overall Farm Expenses Continue To Climb- Fuel, Fertilizer, and Labour up 50-100%
- Cow Cull Continues- Markets Believe The Cow Herd Has Been Reduced 20%+
- “Real” Profits Are Tough To Find!!

Government Announcements

A Number Of Initiatives Revealed

1. Cash Payment Of \$300 Mil.
2. A Traceability System “ALIS”
3. A New Agency To Manage Market Development - \$16 Mil. plus \$40 Mil from current ARD budgets

Announcement Details

1. Cow – Calf Producers – A Split Payment of \$52 per Head. \$26 Immediately, Balance In January 09 Only If You Have Age Verified Your Calves
2. Cattle Feeders- A Split Payment Of 12.8 Cents Per Pound Of Gain. Balance In January If You Have The Ability To Manage Age Verified Cattle---You Will Need Tag Reading Equipment and Computer Software
3. Alberta Livestock & Meat Agency- Detail Are Few
 - Goals are to achieve a shared vision to move this industry into the future harnessing the best people in the field!

Advanced Payments Programs

Excellent Uptake On Both Programs

- Cash Advances To Mar 08 - \$9 Mil
- Cash Advances To May 30 - \$10.2 Mil
- Total Loans - Rebate Program- \$43.6 Mil

Total Uptake On The APP \$62 Million

This Only Began Last October!!

Rebate Program Issues

1. Rebate Calculator Software From Ottawa Did Not Work
2. FAA Had A Simple Software Application Made- Currently Being Tested
3. This New Program To Assist In The Calculation Of The Rebates Was Developed to Simplify This Process!
4. Rollout and Training Planned For July??
5. Benefit To Members April 30 - \$241,000

Cash Advance Issues

1. Staff worked diligently to get up to speed
2. Only 22 Associations are offering the Cash Advance
3. We hope over time more will participate
4. The opportunity to attract more producers to your Association will result in new members!
5. Total Interest paid by APP - \$206,000

APP Benefits To Date

- On Cash Advances - benefits in saved interest:

\$206,904

- On Feeder Loans - benefits in interest to be rebated back to members:

\$246,024

NW Consolidated Beef Producers

1. Membership terms have been agreed to and membership paid
2. Some FA cattle have been traded using the program
3. An information package will be sent out by the end of June

Canada Gold Beef

- Process moving forward with ACFA, WSG,
- BIG C, ABP, and the FAA
- Temporary Funding has been acquired
- A GM and support staff have been hired
- Market research is underway
- Market access and regulatory issues continue to slow progress
- Target will be high value export markets
- Cattle will begin signup for the program this fall

Cattle Price Insurance Program - CPIP

- CPIP was developed with Gibson's capital in Calgary, Alberta Agriculture, and others
- AFSC will be the backbone of the program
- Two components-
 - Basis insurance for larger operators who use futures markets to risk manage price
 - Price insurance that covers price and basis risks
- Presently insurance products for fat cattle price and basis coverage is targeted for April 2009
- A product for feeder cattle price insurance is in the works
- Further information will be available this fall

We all must Appreciate the support from Dale Engstrom and the Provincial supervisor Vaughn Christensen and his staff !!

Thank You