

AgriSuccess Express

Note from Editor Kevin Hursh and Associate Editor Allison Finnermore

Starting September 1, rural community groups can apply for capital project funding from Farm Credit Canada's (FCC) \$500,000 AgriSpirit Fund. Since 2004, 78 projects have received funding ranging from \$5,000 to \$25,000 for community improvements such as emergency services equipment, playgrounds, food banks, recreation centres and care homes. FCC is inviting community leaders and volunteers from across the country to review the eligibility criteria and apply for funding online at www.AgriSpirit.ca.

We welcome your feedback on the Express. Contact us at kevin@hursh.ca.

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1. BSE confirmed in Alberta

by Allison Finnermore

American Agriculture Minister Mike Johanns says Canada's most recent case of BSE is not expected to impact trade.

BSE was confirmed in a mature beef cow in Alberta on August 23, states the Canadian Food Inspection Agency (CFIA). No part of the animal's carcass entered the human food or animal feed systems and preliminary information indicates the animal was between eight and 10 years of age. That means the cow's exposure to BSE likely occurred before Canada's 1997 feed ban or during its early implementation.



"With the information currently available we do not anticipate a change in the status of beef imports from Canada," Johanns says in a news release.

However, R-CALF USA (Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America), an American group focused on the country's own cattle industry, questions the effectiveness of the Canadian feed ban and predicts more discoveries of BSE. They're calling on the United States Department of Agriculture (USDA) to toughen import rules for Canadian beef.

The USDA has already withdrawn its proposed rule on importing Canadian cattle over 30 months but Johanns says his department continues to work on amending the proposed import rules for older animals.

Meanwhile, CFIA is investigating this latest incident of BSE, including tracing the animal's birth farm. This will help verify the age, identify herd mates and potential sources of contaminated feed. A complete epidemiological review will be conducted by CFIA and released to the public upon conclusion.

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2. Better negative margin CAIS coverage

by Kevin Hursh

Producers who have had negative margins (eligible expenses exceeding eligible income) will have better access to coverage under the CAIS (Canadian Agricultural Income Stabilization) program for their 2005 fiscal year.

There will be no limit on the number of negative margin payments a producer can receive in a five-year period. Previously, producers could only receive two negative margin payments in that time.

The other change means producers with a negative reference margin are now eligible for CAIS benefits.

The reference margin is a producer's average margin over the previous five-year period, with the years with the highest and lowest margins dropped. Producers are now eligible if they have two years of positive margins in the three reference years, even if the overall margin is negative.

CAIS participants will not have to apply separately for negative margin coverage. Benefits will automatically be calculated when 2005 and 2006 CAIS applications are processed.

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3. Alberta announces new assistance for producers

by D. Lorraine Andrews

The Alberta government has issued a disaster declaration pledging \$261 million for agricultural producers caught in the crunch of rising input costs and falling commodity prices.

Alberta producers who were eligible under the CAIS program for the 2004 claim year will also be eligible for the new funding. They will not be required to submit any additional application forms.

The benefit will be calculated automatically based on the 2004 information and participants will be notified directly. Reference margins will increase by 25 per cent of fuel and fertilizer costs while the general reference margin will increase by 15 per cent.

In a recent interview for Call of the Land, provincial Minister of Agriculture Food and Rural Development Doug Horner says conditions had changed dramatically since the spring, making it necessary to address the cash flow concerns of farmers.



Horner noted good spring moisture combined with the promise of additional funds announced by the federal government for disaster relief made it look like the gap between the 15 per cent increase in input costs and the 20 per cent decline in commodity prices "might work its way through the system."

But since then, extremely high temperatures and low precipitation rates have decreased yield potentials while commodity prices remain low. These factors combined with the rising Canadian dollar and soaring input costs have had a disastrous impact on cash flow.

According to Horner, it became obvious the federal disaster initiative is going to take some time to recalculate and there was a strong need for a timely program to fill the current shortfall.

It is estimated the majority of eligible producers will see a benefit from the program. Payments are expected to begin this fall. For more information on the program, go to www.agric.gov.ab.ca.

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4. Manitoba cattle levy now refundable

by Rae Groeneveld

The battle over a new levy on cattle sold in Manitoba appears to be easing following an announcement by the provincial government.

Agriculture Minister Rosanne Wowchuk has confirmed a \$2.00 per head check-off will come into effect on September 1, 2006 but her plan is to now give ranchers the option to get a refund of their contribution two times a year.



"We will now leave it in the producers hands, they will decide whether they want to see this slaughter industry expanded in the province," said Wowchuk.

When the initial check-off plan was announced in March the government planned to make contributions mandatory with all funds going to a government appointed body called the Manitoba Cattle Enhancement Council (MCEC). It would be responsible for assigning funding to new or expanding slaughter and processing operations in Manitoba.

Groups like the Manitoba Cattle Producers Association and the Manitoba Livestock Marketing Association were infuriated with the original announcement, claiming it was done without consultation or the support of the province's cattle industry.

The groups organized meetings in the spring, which attracted thousands of cattle producers. They called for the levy to be refundable so ranchers would have a say in the decisions of the new Manitoba Cattle Enhancement Council.

"This is what we've been asking for from the start," says a relieved Ken Crockatt, President of the Manitoba Cattle Producers Association. "Now if producers are not happy with what they're (MCEC) is doing they can pull their dollars out."

"I think she (Wowchuk) is going to get more positive support on this. Producers have told us they will probably leave their money in there (MCEC) and just see how things go for a year or two and then they will take it from there."

It is estimated the new levy will raise \$1 million annually, which will be matched by the province. The government has also given the MCEC a \$10 million line of credit to begin their operations with. Businesses or groups wanting to build new or expanding existing slaughter facilities can now apply for investment in their operation.

Wowchuk is hopeful this initiative will help Manitoba become more self sufficient in its cattle slaughtering and processing business.

"That's the whole purpose behind this, is to try to address the challenge that people are facing in raising enough equity to move forward."

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5. August hail claims swamp adjusters in Saskatchewan

by Kevin Hursh

Hail insurance companies are asking Saskatchewan producers to be patient as adjusters work through a backlog of widely scattered crop claims from August storms.

Until the beginning of August, hail activity had been well below normal. However, companies report a flood of claims this month and adjusters are running about two weeks behind.

With harvest much earlier than normal, producers need to leave ample check strips of hailed crop for adjusters to work with. The Canadian Crop Hail Association says for most crops, producers can swath without leaving any standing samples. The hail damage can be adjusted in the swath. The exceptions are lentils and peas where some standing samples are required.

For crops being straight combined, standing samples are needed. Producers are advised to check with their hail insurance company for information on appropriate check strips if they are going to combine prior to the crop being adjusted.

Approximately 10,000 claims have been received to date from Saskatchewan producers. This is a four-fold increase in the past month. Claims are now running well ahead of last year's pace.

"Although the total number of claims is only about 10 per cent higher than the five-year average, such a large number of claims in a short time span has made it impossible for adjusters to keep up," says Rob Goeres, chair of the Canadian Crop Hail Association.

Goeres notes that with the early harvest, many crops are now safely in the bin and that should help limit damage from any subsequent storms.

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6. Saskatchewan harvest ahead of normal

by Kevin Hursh

Hot weather, in many cases combined with a lack of rain, has pushed the Saskatchewan grain harvest ahead of normal progress for this time of year.

In its crop report of August 20, Saskatchewan Agriculture and Food estimated that 19 per cent of the provincial crop had already been combined, with a further 27 per cent swathed or ready to be straight combined.



The five-year average for this time is seven per cent combined and 13 per cent swathed or ready to be straight combined.

Harvest operations are most advanced in the southwestern portion of the province where 44 per cent of the crop is in the bin.

On spring seeded crops, the greatest harvesting progress is on lentils at 65 per cent combined followed by field peas at 64 per cent.

High temperatures and minimal rainfall have caused topsoil moisture conditions to deteriorate on crop land. Twenty-nine per cent of crop reporters gave a very short rating for topsoil moisture conditions this week.

On hay and pasture land, topsoil moisture conditions were rated as very short by 33 per cent of the reporters.

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7. Apple maggot found in B.C.

by Peter van Dongen

Tree fruit growers in British Columbia have a new pest to be concerned about after apple maggot was found in several locations near Abbotsford, B.C. It's the first time the insect has been found in the province.



The apple maggot is a fly that poses no threat to human health, but causes serious damage to apples and soft fruit. During its larval stage, the insect tunnels through the fruit rendering it unmarketable. The most common hosts are apple, crabapple and hawthorn trees.

The pest is found throughout Canada (except Newfoundland) and is also widespread in the United States. The Canadian Food Inspection Agency (CFIA) detected it in B.C. during regular survey activities. All of the infected sites in are within 10 kilometres of the border with Washington State, where the pest was detected last year.

"It came from the south," confirms Glen Lucas, general manager for the B.C. Fruit Growers' Association, noting the insect moves about two kilometres per year. He says the main concern now is to prevent the pest from reaching commercial tree fruit growing areas in the Okanagan, Similkameen and Creston Valleys.

The Coast Mountains are thought to be an effective natural barrier to prevent the apple maggot from spreading to these areas. However, there is a risk the pest will be transported by human means, such as in a piece of infested fruit or soil from around an infected tree.

"We're trying to get improved highway signage and get the word out to the public to please not bring soil, plants or backyard apples up to the Okanagan," says Lucas, adding infested fruit should be discarded rather than composted.

In addition, the CFIA is working with the industry to develop effective protocols for the transport of commercial nursery stock. The agency has also expanded its survey for apple maggot in B.C. for the rest of the growing season.

Pesticides are available to control apple maggot, Lucas notes, however growers prefer not to spray for both economic and health reasons.

For more information, go to www.agf.gov.bc.ca/cropprot/applemaggot.htm

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8. Deadline extended for flood assistance

by Kevin Hursh

The federal government has received fewer claims than it was expecting for land too wet to seed in 2005 and 2006. As a result, the deadline has been extended for two months for producers to apply for financial assistance under the Cover Crop Protection Program.

The original application deadline for the \$50 million program was August 31. The new deadline for both the 2005 and

2006 claim years is October 31.

To date, the program has received around 8,000 applications on more than 2.5 million acres, but this represents only about a third of the claims expected.

Producers, most notably those in Saskatchewan and Manitoba where large acreages were unable to be seeded due to excess moisture, can receive a one-time payment of \$15 an acre on the flooded land. All farm operations across Canada affected by spring flooding in the 2005 or 2006 crop years are eligible to apply.

Producers in production insurance (crop insurance) who made claims as a result of flooding losses should automatically have received application forms. Forms are also available upon request by calling 1-800-667-8567.

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9. Pest in Quebec brings some U.S. trade restrictions

by Allison Finnamore

The discovery of the potato pest Golden Nematode in a 30-acre field in Quebec has resulted in United States (U.S.) trade restrictions on some Quebec produce.

The tiny, worm-like creature was discovered in mid-August at the farm in the municipality of Lajemmerais, about 20 kilometres east of Montreal. The field where the discovery was made remains under quarantine.



The list of banned Quebec products was set to be longer however, the Canadian Food Inspection Agency (CFIA) says it worked with the U.S. to shorten the number of impacted products.

"We have had extensive discussions with the U.S. to reduce their temporary trade requirements and have made substantial progress to limit the number of products and areas affected in Canada," says Chuck Strahl, Minister of Agriculture and Agri-Food.

If they are free of soil, the following are approved for export to the United States: plants with roots; plant crowns and roots for propagation; true bulbs, corms, rhizomes, and tubers of ornamental plants; root crops (other than potatoes); small grains and soybeans; hay, straw, plant litter, etc.; unshucked ear corn; used containers, farm tools, and other farm equipment.

Prohibited items from Quebec are: potatoes for seed, consumption, or processing; soil and related articles; and grass sod.

CFIA continues its investigation at the Quebec farm. Records of field usage, equipment and seed sources are being reviewed from the affected farm and CFIA is conducting "extensive root and soil sampling." The affected farm does not produce seed potatoes and is not in an area located near seed production. Officials from the United States Department of Agriculture are observing the CFIA investigation.

Golden Nematode does not pose a risk to human health, but the yields of potatoes and other crops like tomatoes and eggplants, can be reduced by as much as 80 per cent. Golden Nematode is difficult to eradicate, CFIA states, because they can persist dormant in the soil for several decades.

Go to <http://www.inspection.gc.ca/english/plaveg/pestrava/gloros/glorose.shtml> for further details in English, or <http://www.inspection.gc.ca/francais/plaveg/pestrava/gloros/glorosf.shtml> for details in French.

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10. Farm business programs promoted

by Anne Howden Thompson

Despite all the technological developments and advancements adopted to improve information flow in today's modern and fast-paced society, representatives in the agricultural industry found not all the tools and resources available to primary producers are being utilized.

"What we have... been told is that producers are not picking up on the programs that are available... for farm business planning," says William McClounie, manager of special projects with ACC Farmers' Financial (ACCF) of Guelph.

In an effort to improve producer uptake, ACCFF developed the Farm Business Management Awareness campaign early this year from monies advanced to them through the Agricultural Management Institute (AMI). The campaign goal is to increase adoption of existing farm business programmes, to foster growth and improve the overall prosperity of Ontario's farm operations.

A non-profit farm organization founded in 1992 by a coalition of farm organizations, ACCFF specializes in offering a variety of financial services to the agricultural community. The new campaign was a good fit for the ACCFF team. "Better farm managers for us mean better farm borrowers," says McClounie.

But with a wide variety of programs already delivered by both government and a variety of agencies, McClounie admits producers may simply be "overwhelmed" by all the information. A focus of the new program is to help better co-ordinate the data and resources that already exist. Marketing strategies and incentive packages of existing programs will be reviewed as the program progresses.

Another component of the campaign is the development of the "Let's Talk" program.

During strategic focus group sessions, McClounie says respondents described farm business planning and financial management as a "personal thing". This mindset may be an impediment to participation, so McClounie says they developed the "Let's Talk" program "to have this atmosphere of let's talk, let's understand what your needs are and then direct them to the programs that are most suitable."

As part of the campaign, ACCFF will be continuing their study of why producers aren't taking advantage of existing programs.

McClounie says the goal of this newest campaign is to make sure that farm business management is a cornerstone of today's farm operations. "We can help direct them to the right tools," says McClounie.

Producers wanting to tap into the available resources are encouraged to contact any of the following:

- Farm Credit Canada AgriSuccess Learning Centre: 1-888-332-3301 or http://www.fcc-fac.ca/en/LearningCentre/training_centre_e.asp
- Canadian Farm Business Advisory Services: 1-866-452-5558 or www.agr.gc.ca/renewal
- Canadian Farm Business Management Council: 1-888-232-3262, www.farmcentre.com or by email at council@cfbmc.com
- Canadian Association of Farm Advisors: 1-877-474-2871 or www.cafanet.com/membership/directory.html, or by email at info@cafanet.com

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11. CWB promotes new malting barley test

by D. Lorraine Andrews

The Canadian Wheat Board (CWB) is actively promoting the use of a new test that uses rapid visco analysis (RVA) to help predict when stored barley is in danger of losing germination.

Michael Brophy, a malting barley technical expert in the CWB's Product Development and Marketing Support Department, says, "For the 2006 harvest, the CWB as an organization is using RVA as one of the specifications that grain companies are asked to provide when tendering to supply malting barley. This is new technology for 2006 gives us more information on the quality of the barley for shipment."



The test was developed as part of a research project supported by the CWB, the Canadian Grain Commission's Grain Research Laboratory, Automated Quality Testing, Cargill, Agricore United and Saskatchewan Wheat Pool to detect incipient pre-germination. The condition cannot be detected by just looking at the seed.

According to Brophy, the technology is similar to the RVA technique used to predict falling number in wheat by measuring elevated alpha amylase levels in the kernels. Grain seeds produce this material if they have been subject to an environmental stimulus, such as wet field conditions, prior to actual germination.

The research showed a direct correlation between the RVA value and the length of time selected barley could be stored before it was in danger of going below the required minimum of 95 percent germination. Brophy believes the big advantage of the test is that it helps identify the barley that should be brought into the processing system before it has gone out of condition and would no longer be acceptable for malting.

Brophy says that the CWB is also encouraging grain companies and farmers to use the test as a risk management tool to get a greater level of information on the long-term storability of malting barley and to assess delivery options. "Some grain companies have the technology available to use internally. We are encouraging farmers to ask their grain company malting barley selector about using it at the grower-grain company level as well."

For more information on this new tool, check out the CWB website at www.cwb.ca under publications.

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12. Market Focus – Oilseed markets update

by Mike Jubinville of Pro Farmer Canada

Negative seasonal market tendencies may be at work pressuring the Chicago soybean futures. To some degree, speculative funds covered any short positions. This may provide only token support against falling seasonals and bearish underlying fundamentals, which have already knocked soybean futures down US 75 cents/bushel (bu) over the past six weeks.



Rally attempts will continue to be limited by favourable weather forecasts and improved crop condition ratings this month for the United States (U.S.) Midwest. While also under price pressure, soyoil has seen some strength this week due to a boost in crude oil and the general bullishness surrounding its association with an emerging biodiesel sector. But all in all, soy remains a shaky market.

Winnipeg canola futures meanwhile have also been under pressure in the lead up to Friday's (Aug 25) Statistics Canada crop production report.

Our longer term view of the canola market remains unchanged. Better cash prices are likely in the offing for the 2006-07 marketing year. The demand element of the canola market looks quite strong. The supplies in the near-term environment look rather plentiful. With prospects of a large (and getting larger) U.S. soybean crop under good August growing conditions looming, the immediate price outlook seems to have only limited rally ability, in my humble opinion, unless of course some new information comes to light.

Oilseed markets could remain in a sluggish pricing environment for a while yet, potentially establishing a bottom in September or October. Assuming no serious cropping or harvest problems going forward, I would not at all be surprised to see nearby Chicago soybean futures dip towards US \$5.00/bu and perhaps US \$10 to \$20/tonne (t) further downside price risk to the canola market. I think it is too early to sustain the demand driven-market that is gradually evolving.

While better prices are expected later in the new crop marketing year, last week the current market found chart support at last \$285/t, with overhead resistance at \$300-304/t basis the November canola contract.

Export business interest remains strong, but surprising to many canola prices are high relative to soybeans. Exporters do not want to book much more in the short term due to logistical constraints. Farmer deliveries should pick up substantially next week.

Rail congestion will also be a problem this fall I suspect - lots of grain to run through commercial pipelines in a short time this fall. Despite canola basis levels firming in Vancouver, the farmgate price may not advance partly due to rail concerns. In fact, farmer basis levels may drop another \$5.00 over the next two weeks as off-the-combine sales start picking up substantially. Consistent with Pro Farmer Canada's current marketing theme on canola, it would likely be prudent for producers to bin as much unpriced as they can this fall.

The overall oilseed outlook remains sluggish, with the net market bias weaker for the immediate few weeks ahead. Canola should have limited downside, with export demand very firm, but we might re-test the recent lows during this period. Also note the Canadian dollar has jumped back above 90 US cents this week - negative for canola.

Mike Jubinville of Pro Farmer Canada offers information on commodity markets and marketing strategies. Call 204-654-4290 or visit <http://www.pfcanada.com> to find out more about his services.

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The logo for Canada, featuring the word "Canada" in a stylized serif font with a small crown above the letter 'a'.