



I.D.E.A. Industry Update - March 22, 2002

Agricultural Cuts in Alberta Budget

Alberta's Provincial Treasurer Pat Nelson has brought down that province's budget for the fiscal year which will begin April first. The budget includes significant cuts to agricultural spending.

For Alberta Agriculture and its associated agencies, funding will fall to \$671 million compared to \$1.2 billion in 2001-02. This includes spending for the Alberta Dairy Control Board, safety net programs and the Farm Income Assistance Program.

The reduction is due mainly to the discontinuation of the drought program which provided one-time emergency drought and farm assistance payments to Alberta ranchers and farmers.

The Alberta government cites lower input costs for farmers, improved commodity prices and its need for prudent fiscal management for discontinuing a special 30% crop insurance premium reduction which has been in place for the last two years.

The government says the need for any special drought or agricultural assistance in the coming year will be assessed "in the context of the province's overall fiscal position."

Alberta Agriculture will also have less staff in the future. FTEs (full time equivalents) will be reduced from 1,170 to 1,025. The government says restructuring of the Industry Development sector to provide increased agri-business support for producers and processors will be the most significant factor in the reduction.

There will also be a reduction of 34 FTEs in Agriculture Financial Services Corporation.

Linola Said to Offer Better Returns than Flax and Canola

According to Agricore United, for the first time in several years, Linola is offering farmers better returns than flax or canola. Linola is a low linolenic flax, producing an oil similar to sunflower oil, which is used mainly for margarine production.

Acreage on linola has tapered off in recent years, but Agricore United says that due to a world shortage of sunflower oil, Linola is again set to profit higher returns. The company is advising producers to lock in prices early.

Linola is grown under an identity preserved (IP) system, with a production contract.

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No Durum Accepted Under Series

The Canadian Wheat Board has accepted 100% of the wheat, and 100% of the feed barley offered by farmers under the Series C contract. However, none of the durum was accepted.

According to the CWB, the marketing program for durum has been successful in increasing Canada's share in North Africa for durum this crop year. However, competition from minor exporters, combined with Canadian durum starting stocks and larger production in some major importing regions have affected Series C acceptance levels.

Under Series A and B contracts, over 80% of the durum offered by farmers was accepted. The deadline for signing Series D contracts is May 31.

Sask. Pool Records Second Quarter Loss of \$26 Million

Saskatchewan Wheat Pool is reporting a consolidated net loss for its second quarter of \$26 million or 69 cents per share. This compares to an \$18.5 million loss in the second quarter of fiscal 2001. On a year to date basis, the net loss was \$28.4 million or \$1.03 per share compared to \$24.1 million for the same period last year.

However, the Pool's news release paints a picture of solid financial performance. Debt has been reduced by \$157 million. As well, core operating costs have been reduced by \$19 million for the first six months of the year.

Pool CEO Mayo Schmidt says that in spite of last summer's drought, the Pool has shipped more grain through its primary elevator system in the second quarter by maximizing multi-car loading facilities and successfully achieving one-third of the volumes tendered through the Canadian Wheat Board.

Events

The SAC Inc. Annual Convention, "Taking Saskatchewan Beef to the Top," is scheduled for March 26, 2002 at the Travelodge Hotel (106 Circle Drive West, Saskatoon, SK, Tel: 306-242-8881). Call 306-384-44491 for details or look online at www.agrivation.sk.ca/conferences.htm.