



I.D.E.A. Industry Update - June 1, 2005

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*****I.D.E.A. Golf Social and Meeting**

Mark your calendars and plan to attend an I.D.E.A. golf social and meeting on August 17 in Alberta. Keep posted for additional details to follow. All I.D.E.A. members all welcome to attend.

*****I.D.E.A. Member Conference Call**

The I.D.E.A. Member Conference Call is scheduled for 10:00 a.m (Saskatchewan time) on Tuesday June 14. Details on content and how to participate in the call will be available shortly.

*****I.D.E.A. Member Sharing**

Are you interested in comparing your business costs to those of other I.D.E.A. members? I.D.E.A. is considering sending out a member survey dealing with issues such as employment (spring wages for additional help, workers' compensation rates, overtime agreements, etc.), accounting (accounts receivable terms, accounting packages, credit card rates, third-party financing programs, etc.), insurance, equipment, succession planning and much more. Individual responses would be kept strictly confidential, but the average of all responses would be compiled and shared with the entire I.D.E.A. membership. Are you interested in participating? If so, what do you think should be included on the survey? Call us at 306-933-4404 or email us at office@independentdealers.com to let us know.

*****Production Problems Trim World Wheat Crop**

While recent rains and a fast pace to seeding are pointing to good production of wheat on the Canadian prairies this year, other major wheat growing areas in the world are facing some difficulties.

According to the Weather and Crop Surveillance Department at the Canadian Wheat Board (CWB), the prime winter wheat growing area in the United States is starting to suffer.

"They've had fairly warm temperatures as well as dry conditions build in through Oklahoma, Texas and parts of southwest and southcentral Kansas now," explained Guy Ash weather and crop analyst. "This

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is not wanted because that crop is right in the heading stage of development."

According to the U.S. Department of Agriculture's weekly crop report issued on May 23, 2005, 52 per cent of the U.S. winter wheat was rated good to excellent, down from 55 per cent the previous week.

Other wheat producing areas in the world are also experiencing hot, dry conditions that Ash believes will impact wheat production. The Mediterranean basin of Europe including Portugal and Spain as well as North Africa has been experiencing drought.

"We've lost a lot of production there for their soft wheat and durum. This is an on-going problem for the last two months now."

According to Ash the Australian wheat crop is currently being seeded, but hot dry weather could cause wheat acres and production to be reduced. He thinks the next two to three weeks will be critical to the size of the Aussie crop.

"The eastern area of Australia, Victoria and southern New South Wales has been very, very dry. We're seeing reduced acreage because of it. Seeding is being delayed and we are getting out of the optimum planting window for their winter cereals which is lowering their yield potential."

Ash believes all of these factors are setting up for smaller world wheat production this year.

"Well, last year we set a record in terms of total world wheat production. It was well over 620 million tones. This year it's scaled back quite a bit. Some of these problems will take shape in terms of yield loss. So the overall production is smaller than last year. However, it still remains fairly healthy." *(Source: by Rae Groeneveld; Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*

*****Support Packing Plants, Says Senate**

The Standing Senate Committee on Agriculture is calling for more support for new meat packing plants in Canada, especially producer-owned co-ops. A follow-up to its April 2004 report entitled *The BSE Crisis – Lessons for the Future*, the Senate report released May 19 follows six months of hearings with government, farm groups, bankers and processors as well as a visit to Washington, D.C.

It includes seven recommendations:

- a new capital matching program to complement the existing Loan Loss Reserve program. This should provide adequate start-up capital to help ensure the long-term viability of new projects.
- new tax incentives for investment in slaughter facilities including tax credits for investing in agriculture co-ops.
- make producers or producer groups wishing to acquire slaughterhouse facilities eligible for business planning advisory programs.
- reallocate funds from the beef repositioning strategy to enable farm groups interested in building slaughterhouses to undertake business planning and obtain expert assistance.
- reallocate repositioning strategy funds to the Co-operative Development Initiative to enable regional co-op groups to provide expertise on the co-op model.
- the Canadian Food Inspection Agency (CFIA) to propose changes to relevant acts and regulations to allow interprovincial trading by processors which comply with domestic standards but may not be fully registered to trade on the international market.
- the CFIA to develop a program to help meat processing plants have traceability systems in place by 2010.

Canadian slaughter capacity has increased from 3.5 million head/year when the BSE crisis hit in 2003 to about 4.5 million head/year in April 2005, but more is needed, says Senate Committee chair Joyce Fairbairn of Alberta. "Never again should our industry be held hostage by the closing of borders."

The committee touted a new Atlantic co-op processing plant as a model, calling it a unique arrangement between farmers, processors and government.

“Producers need to get involved in co-ops so they move higher up the value chain,” senators noted, adding creating proper capacity in Canada ““will create a healthy industry which will benefit all producers.” (Source: by David Schmidt; Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)

*****Voluntary food safety program for crop producers**

Crop producers will soon be able to get the details of a voluntary Canadian On-Farm Food Safety Program (COFFSP) that will help them implement or improve their farm management practices to meet internationally recognized Hazard Analysis and Critical Control Point (HACCP) standards.

According to Gordon Cresswell, a farmer from Tisdale, Saskatchewan who chairs the COFFSP steering committee, a new technical manual should soon be released that will provide crop production guidelines for Canadian grain, oilseed, pulse and special crop producers.

Cresswell notes, “The manual has been developed around HACCP-based protocols. We have also been in discussion with grain companies regarding Identity Preserving (IP) protocols, which should tie-in well with the new COFFSP.”

The move is part of an industry-wide recognition of the need to assure consumers that food is safe from “gate to plate,” whether it is beef, vegetables or grain.

Cresswell believes that most farmers are already following many of the good management practices outlined in the manual. This would include procedures to ensure transport trucks are free of contaminants. For example, the manual will contain a trucking affidavit that a producer can present to the trucker to obtain a written guarantee that grain is being moved in clean trucks.

There are also standards for maintaining records regarding chemical inventory as well as application tracking to allow producers to verify that chemicals are being used and applied safely, within recognized guidelines.

The program is voluntary. Cresswell feels, “A voluntary system works better when producers aren’t pushed into [compliance] but feel they are part of the solution.” Cresswell hopes there will be a good buy-in from producers once they recognize the need to be proactive. He says there are already “international rumblings” from malting barley and canola buyers who may eventually want to be able to trace back product to the farm it came from and to verify its safety.

Cresswell believes the initial buy-in will come at the IP level where producers currently get a premium for the extra work involved in meeting IP standards. “If there is a chance of a premium down the road [for food safety compliance] then maybe farmers will want to be involved.” The technical manual is targeted for release by July 2005. For more information on the COFFSP, check out the Agriculture and Agri-Food Canada website at www.agr.gc.ca. (Source: by D. Lorraine Andrews; Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)