

# The Prairie Voice

Summer 2006

## "Optimistic about Farming," From the President, Cheryl Jolly-Nagel

Despite what you read in the papers, I think these are promising times in Agriculture. I'm proud to be a part of an industry with so much potential and I'm excited about what the future holds for me and for other progressive-minded farmers in Western Canada.

The western Provinces were built on the value systems of the rural people – pioneers who knew all about hard work, self-reliance and determination. I'd like to think our members share those values too. Earlier generations of western farmers had another quality too – an eagerness to embrace new ideas and new technology. Let's face it, farming was hard work, so anything that made life easier or made their farms more profitable was readily adopted.

I think it was that eagerness to adopt new innovations that gave prairie farmers the competitive edge. Whether it was new wheat varieties such as Marquis wheat, mechanization, the green revolution, canola or new genetics, Canadian farmers have been quick to take up the new technology.

In recent years, we have lost some of that competitive edge, especially in wheat. In the past 20 years, wheat acreage in western Canada has dropped by 10 million acres.

I think it is fair to say that at one time, Canadian farmers had a competitive advantage in wheat production over most, if not all other wheat producers in the world. We can no longer make that claim. There are countries that can produce some pretty decent quality wheat and get it to market for a lower cost than we can.

Why have we lost our competitive advantage, or more importantly, what can we do to regain it? I think there are a number of things we need to work on.

First we have to create a business climate encouraging investment in new technology.

Another constraint we face is Canada's policy of demanding all new wheat varieties must look identical in appearance to all other varieties currently registered for that class.

This is called the kernel visual distinguishability criteria or the KVD constraint. This places a tremendous burden on wheat breeders – hundreds of promising lines have been rejected, simply because they don't fit into this regulatory straitjacket.

In fact, we now have the absurd situation where Canadian plant breeders have developed new lines of wheat that are now being used in the United States but are not registered for use in Canada. We have the ironic situation where wheat varieties developed in Canada, and partly funded by western Canadian farmers, are competing against us.

There's no doubt in my mind these types of constraints have undermined the competitiveness of Canadian wheat farmers and contributed to the decline in our wheat acreage.

This KVD constraint becomes even more worrisome when you consider the potential in the ethanol industry. What we need to see are wheat varieties that have a higher starch content and are specifically developed for the ethanol industry.

I must say that despite this drawback, I am impressed by the entrepreneurial pioneer spirit shown by those companies who are investing in the future of ethanol production in western Canada. Husky Energy is investing in two huge plants on the prairies that will consume about 700,000 tonnes of grain each year. Permolex also announced plans for a major expansion of its ethanol plant in Red Deer, and the building of another ethanol plant somewhere else in Alberta.

Together, these investments will create new demand for over 1 million tonnes of wheat. This is terrific news for prairie wheat farmers. That new demand represents about 5% of western Canadian wheat production and so that means there's 5% that doesn't have to try and find a home in offshore markets.

In my mind, the key to our future prosperity lies in developing more homegrown markets for our grain. The high cost of getting our grain over the mountains and into offshore markets is undermining our competitiveness.

We also do not want to depend on the vagaries of the world market, where tariffs and international subsidies distort markets and leads to lower world prices. The need to process more of our grain at home becomes even more important when you consider the news out of Geneva, and the likelihood that WTO talks may fail. If we don't get an international agreement to lower market distortions, then it will be all the more vital to ensure we develop our own markets here.

It doesn't matter what form that processing takes – whether its flour mills, ethanol plants, hog barns, biodiesel or malt plants. What matters to me as a farmer is that I have choices – what I want to see is a whole bunch of different supply chains (including my local elevator) all competing for my business.

We need to restore the pioneering can-do spirit of our forefathers. The western Canadian ag economy was not built by those who were afraid to embrace new ideas and new technology. It is the early adopters and the risk-takers who were the leaders of our industry.

I'm convinced the wheat industry can become profitable again and that we can regain our competitive edge. There are exciting opportunities and I and the Wheat Growers fully intend to be a part of it. I'm a farmer, and I've chosen to be a farmer. There are endless reasons why this is the most challenging and fascinating career path. I love the fresh air, the changing seasons, the excitement of harvest. I for one have never been so optimistic about the future of agriculture. □

### Congratulations

Congratulations to President Cheryl Jolly-Nagel and her husband David on the birth of their daughter Claire on June 8. Congratulations also goes to WCWGA Director Dean Klippenstine and his wife Andrea on the adoption of their infant son, Yishak, a brother for Jordan.

## Wheat Growers in Action . . .

■ On May 19, the Wheat Growers issued a media release welcoming changes to farm income support programs, including revisions to CAIS inventory valuation. The federal government also increased the interest-free portion of cash advances to \$100,000 and the overall limit to \$400,000. The Wheat Growers had lobbied for all of these program improvements.

■ On May 23, the Wheat Growers issued a media release calling on the federal government to improve CWB accountability. Following the release of its annual report, it was revealed the CWB generated a \$32 million windfall on farmers who used forward pricing options in the 2004/05 crop year, due to changes in market conditions. Rather than return this money to the farmers who used the options, the CWB topped up its contingency fund to \$50 million and transfer \$7.5 million into the CWB pool accounts.

■ On June 1 Director Gerrid Gust gave an after-lunch speech, "Farm Businesses in 2006," to 500 of Farm Credit Canada's office staff during their annual meeting in Regina.

■ On June 13, Stephen Vandervalk, Alberta Vice President, and Blair Rutter, Executive Director, appeared in Ottawa before the House of Commons Standing Committee on Agriculture and Agri-Food, to present our views on marketing choice, as well as the future structure and role of the CWB.

■ The Wheat Growers were pleased to see legislation pass in Parliament in June making the CWB subject to the Accountability Act and the Access to Information Act. The Wheat Growers had vigorously campaigned for inclusion of the CWB under these Acts.

■ Joe Janzen, Manitoba Vice President, participated in the Manitoba Safety Net Consultation meeting in Winnipeg on June 19.

■ Thanks to all members and farmers who stopped by our booth at the Farm Progress Show from June 21 to 23 in Regina. Over 75 attended our member dinner, featuring guest speaker Trenton Baisley, CEO of the FarmPure Family of Companies. Special thanks to JRI, Green-Trac SprayMasters, Arysta LifeScience and FarmPure for sponsoring the dinner.

■ On June 24, Cheryl Jolly-Nagel, President, attended the Moose Jaw Farming for Profit conference and gave a presentation as part of a panel on the future of the CWB.

■ The Wheat Growers were disappointed with the announcement by the Canadian Grain Commission in late June to retain the Kernel Visual Distinguishability (KVD) requirement on minor wheat classes until August 1, 2008. Many plant breeders consider KVD a significant constraint on new wheat variety development. The Wheat Growers believe a declaration system (as used in Ontario and Australia) would be a simpler and more cost-effective for ensuring grain remains segregated throughout the supply chain.

■ At the end of June, the Wheat Growers made a submission to Compas, Inc., which is conducting a review of the Canadian Grain Commission. The Wheat Growers made several recommendations including the implementation of falling number grading, the elimination of KVD, optional bonding, optional weighing and inspection where warranted, the elimination of HVK as a downgrading factor, continuation of producer cars, implementation of a dispute resolution process, improvements to CGC governance and a mandatory review of the Canada Grain Act every five years. Blair Rutter, Executive Director, also participated in a consultation forum held by Compas on June 26 in Winnipeg.

■ On July 11, Cheryl Jolly-Nagel gave the after-dinner speech to more than 100 attendees at Mosaic's tenth annual dealer outlook meeting in Canmore, AB. Jolly-Nagel spoke about her positive outlook on the future of agriculture.

■ On July 14, the Wheat Growers issued a media release supporting the federal government's decision to hold a consultation meeting in Saskatoon to advance the marketing choice issue. In the release, the Wheat Growers pointed to the wide discrepancy between prices at US elevators and prices received by farmers from the CWB at Canadian elevators. The Wheat Growers noted US wheat prices rallied since January 1, 2006 and yet CWB projected prices for the 2005/06 crop year went down over the same time period.

■ On July 17, Joe Janzen, Mike Bast, Chair, and Blair Rutter met with Manitoba Progressive Conservative Agriculture Critic Ralph Eichler and his staff. Among issues discussed were bio-fuels, trade, marketing choice, education taxes and concerns over water protection legislation.

■ On July 27 in Saskatoon, Mike Bast and Blair Rutter participated in a Roundtable Meeting to discuss the future role of the CWB in a market choice environment. The meeting was hosted by Parliamentary Secretary David Anderson with Agriculture Minister Chuck Strahl in attendance. Good progress was made in developing several principles to guide the implementation of market choice. Cheryl Jolly-Nagel, Gerrid Gust and several Wheat Grower members were also in Saskatoon to speak to the media and counter views expressed at the NFU demonstration taking place across the street.

■ On August 2, the Wheat Growers issued a media release on the CWB's release of its Harvesting Opportunity vision. The CWB proposal called for retention of the single desk and for taxpayers to give \$1.5 billion to the CWB to replace the loss of the federal government guarantees. The CWB is also seeking the ability to create a wholly-owned subsidiary that would be permitted to make investments in grain handling and processing facilities (including milling, baking, malting, ethanol, and nutraceutical plants) as well as crop inputs. The Wheat Growers rejected this "non-starter" and reiterated our position, calling for the CWB to be transformed into a farmer-owned and controlled company, operating in a market-choice environment. □

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