

BEEF BUSINESS

SASKATCHEWAN'S LARGEST CIRCULATED CATTLE INDUSTRY MAGAZINE

JULY 2010



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FEEDLOT FEATURES**



A Saskatchewan Stock Growers Association Publication

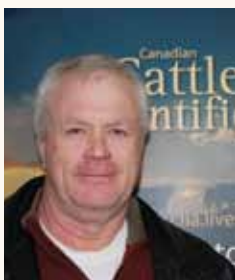
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Working for Producers

Canadian Cattle Identification Agency



The Canadian Cattle Identification Agency (CCIA) has partnered with the Saskatchewan Ministry of Agriculture to open a satellite CCIA office in Saskatoon. The CCIA employs three Producer Support Representatives (PSRs) to help Saskatchewan livestock producers implement voluntary traceability initiatives such as premises identification, use of Radio Frequency Identification (RFID) tag readers, management software and value-added programs such as age verification. In addition, the PSRs organize and facilitate producer meetings and ensure ongoing producer education on traceability initiatives.



BRIAN ANDERSON

Brian is based out of the Saskatoon office and covers the livestock auctions in the north central region. Brian has spent many years in agriculture and farm management in Manitoba before joining the CCIA team.

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Industry News

- 6 Changes to the Wildlife Habitat Protection Act
- 7 Cattle Producer Loan Arrears at Record Low
- 7 Agri-Recovery Triggered for Drought Relief
- 9 RFID Tags on Trial
- 10 BSE Class Action Update
- 10 Panama Opens Border
- 10 Bjornerud Addresses SSGA Convention
- 11 Where Beef Comes From
- 11 Horned Cattle Trust Fund Gets a Reprieve
- 13 Feedlot Directory

Markets and Trade

- 20 Mid-Year Market Report
- 21 Saskatchewan Live Cattle Trade
- 22 Mid-Year Market Outlook

Features

- 23 Pound-Maker AgVentures
- 24 Border Line Feeders - Operating With Award-Winning Style
- 26 Why it Pays to Think Like a Realtor When Building a Feedlot

Analysis and Opinion

- 32 A Salute to Feeders

Science and Production

- 32 Peak Dot Launches Feedlot Venture
- 32 36,000 Head Feedlot Proposed for Outlook
- 33 Smooth Sales Transactions
- 34 Alberta Sponsors BSE Testing Study
- 35 Alberta Losing Feeders
- 37 Where's the Beef? Active Missing Livestock Files

Association News and Reports

- 36 President's Report
- 38 General Manager's Report

Stewardship

- 42 SK PCAP - Conservation Easements: What You Need to Know
- 43 Calendar of Events
- 43 Advertiser Index

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Changes to the Wildlife Habitat Protection Act

The ability of Saskatchewan ranchers to purchase land that their families have been leasing for generations was enhanced by the Provincial Legislature this past May with passage of changes to the Wildlife Habitat Protection Act (WHPA) (Bill 132) and the Conservation Easement Act (Bill 131).

The Saskatchewan Stock Growers (SSGA) strongly supported the amendments. In a May 7 letter to the editor of the Leader Post, SSGA president Calvin Knoss wrote, "The amendments will enable Saskatchewan farmers and ranchers to purchase the title to their lease land at fair market value. This will provide farm and ranch families with the stability and long-term security that comes with ownership as well as equity for financing operations."

Under the original WHPA, Crown lease land which was identified as important wildlife habitat could not be sold. This became problematic when the Crown Lease Land Purchase Program was put in place two years ago and many lessees discovered a substantial amount of their lease land was not eligible for purchase. Questions arose about the criteria originally employed 25 years ago when the protected designations were put in place. It appeared to many observers that the designations were applied in a rather haphazard and arbitrary manner. Ranchers suggested that a reasonable solution might be to attach conservation easements to any land sold.

The Province's Ministry for the Environment responded by developing a Crown Land Ecological

Assessment Tool (CLEAT); the application of CLEAT produced three categories of agricultural Crown Lease land. First is a category of land with high ecological value that will not be eligible for sale. Second, about 10% of the 3.5 million acres of Crown lease land formerly protected under the Act will be available for sale with no strings attached, since according to the application of CLEAT it has minimal ecological value. Thirdly, there are Crown Lands with ecological value that will be available for sale with a conservation easement attached to the title as prescribed under Bill 131.


Purchasers of protected lands will be subject to penalties of up to \$100,000 for violating the terms of an easement. While the details are still in the works most observers expect the conservation easement restrictions to mirror those that have been in operation in Saskatchewan for decades under the auspices of groups like the Nature Conservancy of Canada. They typically prohibit the breaking of grassland, draining of wetlands and the construction of roads and buildings. Things that environmentally conscious ranchers tend to avoid anyway.

In his report to the SSGA's Annual Meeting in Moose Jaw on June 15, Harold Martens, Chair of the SSGA's Land Use Committee, noted that the Bills did not proceed through the legislature without controversy. Martens reported that the SSGA's Land Use Committee was able to assist the Environment Minister, Nancy Heppner, in getting the Bills passed by showing up at the legislature to demonstrate support for the

government and by appearing on short notice to attend a stakeholders meeting along with government and wildlife group representatives.

Martens stated that the SSGA's to do list, with respect to the implementation of the new legislation, has included discussion of two key issues. 1) what should the conservation easement look like once WHPA land is purchased? And 2) what should the cash value be adjusted to if there is a conservation easement on purchased WHPA lease land?

Despite the controversy that erupted as the Bills proceeded through the House, most editorialists and wildlife advocates agreed that Saskatchewan ranchers had been prudent stewards of the province's grasslands for generations. Their concern wasn't so much with the fact ranchers would be gaining title to their lands as it was with the process. Indeed, when he addressed the SSGA Convention on June 14, Agriculture Minister Bob Bjonnerud conceded that the government had erred in not having more thorough consultation prior to the arrival of the Bills in the Legislature.

Perhaps the only fly in the ointment at this point is that given seven tough years in the beef business a lot of producers simply won't have the financial capacity to take advantage of the changes before the 10% discount offered under the Lease Land Purchase program expires. 

Cattle Producer Loan Arrears at Record Low

Arrears on debt owed by beef producers to Farm Credit Corporation (FCC) are at record lows this year according to FCC Vice-President of Manitoba and Saskatchewan Operations Mike Hoffort.

"Cattle people are managing their debt effectively," says Hoffort, "they take their obligations seriously, their word is their honour, and they want to meet their commitments."

Hoffort's remarks came in his address to the Saskatchewan Stock Growers (SSGA) Convention and Annual General Meeting in Moose Jaw on June 14.

Hoffort also reported that FCC and other farm lenders had managed to overcome concerns that credit for agriculture might dry up in the wake of the global recession. Canada's total farm debt now sits at \$63 billion (\$3 billion higher than a year ago) which, according to Hoffort, "could be a reason for some concern, but should be sustainable if we manage it properly."


The growing farm debt reflects higher land values; retooling in industries like dairy which is moving to robotics; higher equipment prices; and higher quota costs in supply managed industries. Hoffort noted that land values in Saskatchewan have increased by 20% over the last two years.

Interest rates are on the way up says Hoffort, sitting at 2.5% today and are likely going to be closer to 4.5% mid-way through 2011 and approaching 5% by the end of next year. "We could be looking at farm operating loans at around 6% next summer," said Hoffort.

Hoffort's optimism isn't shared by Liberal Agriculture critic, Wayne Easter. According to a report by Barry Wilson in the *Western Producer*, Easter warned on May 28 that the farm sector is sleepwalking toward another debt crisis. Easter stated that farm debt in Canada is as much as four times higher than the level in the US.



Cattle Producer Mike Hoffort,
FCC Vice-President

Hoffort's comments on low loan arrears among beef producers, prompted a query from Convention Chair, Agricultural Broadcaster Neil Billinger, who was amazed that arrears could be at record lows given the difficult time the cattle industry has been through since BSE. Unfortunately, *Beef Business* did not have an opportunity before press time to probe the matter further with Hoffort. At least one lender we talked to, who wishes to remain anonymous, wonders if low arrears might reflect clearing bad debt off the books in the case of producers who exited the industry, or possibly a re-writing of debts with long overdue payments. 

Agri-Recovery Triggered for Drought Relief

In what has been dubbed the 2010 Pasture Recovery Initiative, Agriculture Minister Gerry Ritz announced \$114 million in assistance to producers in Alberta and western Saskatchewan who experienced dry years in 2008 and 2009.

Ritz announced the payment which will amount to around \$50 per cow at Lloydminster on May 31. Payments will be restricted to 64 RMs in Saskatchewan and 59 counties and MDs in Alberta. The program is 40-60 cost shared by the provinces and the federal government and will be administered in Saskatchewan by the Ag Ministry.

The stated intent of the program is to assist producers through the post-drought pasture rejuvenation phase, which distinguishes it from the sort of subsidy that might prompt a trade problem.

The initiative was rolled out under the Agri-Recovery component of the Growing Forward federal-provincial agricultural policy framework. The announcement was welcomed by the Saskatchewan producers and the Provincial Agriculture Ministry, particularly since there had been questions around for some time about what it might actually take to trigger action under Agri-Recovery.

continued on page 8


*Agri-Recovery
cont. from pg. 7*

Back on December 15, 2009, *Beef Business* asked Saskatchewan Ag Minister Bob Bjournerud why Agri-Recovery hadn't come into play to assist drought stressed producers in western Saskatchewan. At the time Bjournerud indicated his disappointment that something hadn't happened in response to a letter he had sent to Ritz in the fall. "We made that call and here it is December and nothing has happened. So I'm not sure what Agri-Recovery actually hits."

In a press release the day of the announcement, Saskatchewan Stock Growers President Calvin Knoss said that producers in Saskatchewan's west and northwest who were severely

impacted by drought in 2008 and 2009 will greatly appreciate the assistance. Knoss added that while the payment was somewhat late in coming, it perhaps indicated that Agri-Recovery initiatives will now be rolled out in a more timely fashion in the future.

In his address to the SSGA's Annual Convention in Moose Jaw on May 14, Bjournerud recognized that many producers were disappointed that their municipalities fell outside the areas eligible for assistance. While he appreciated why they would be upset, Bjournerud stated that with this sort of program boundaries had to be drawn somewhere and he doubted that they would be altered.

Beef Business talked with several upset producers from municipalities excluded from the program. In part the problems are the result of the drought assessment tool employed. It appears that the North West Drought Monitoring Guide assesses annual moisture and precipitation levels. One problem with this sort of model is that it fails to account for things like run-off and surface water levels. This is an issue for ranchers with irrigated land south of the Cypress Hills who have only had one full irrigation in the last five years. Other issues with moisture and precipitation models involve seasonality. A neighbourhood can receive above average annual precipitation but if that moisture all came after the April to June prime grass and forage growing period producers can still be impacted by drought. 

Antelope Park #322	Battle River #438	Beaver River #622	Big River #555	Biggar #347	Britannia #502
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Eagle Creek #376	Eldon #471	Eye Hill #382	Fertile Valley #285	Frenchman Butte #501	Glenside #377
Grandview #349	Grass Lake #381	Harris #316	Heart's Hill #352	Hillsdale #440	Kindersley #290
King George #256	Lacadena #228	Loon Lake #561	Manitou Lake #442	Mariposa #350	Marriott #317
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North Battleford #437	Oakdale #320	Parkdale #498	Paynton #470	Perdue #346	Pleasant Valley #288
Prairiedale #321	Progress #351	Reford #379	Rosemount #378	Round Hill #467	Round Valley #349
St. Andrews #287	Senlac #411	Snipe Lake #259	Spiritwood #496	Tramping Lake #380	Turtle River #469
Vanscoy #345	Victory #226	Wilton #472	Winslow #319		

RFID Tags on Trial

Macrorie district rancher and veterinarian Ken Habermehl got his day in court in Saskatoon on June 15 to protest a \$500 fine imposed by the CFIA for missing RFID tags. According to Habermehl the story began in May 2009 when he shipped his cows to a community pasture at Elbow. When the trucks left with the cows he noticed tags and buttons laying in the chute. There was a CFIA inspector waiting at the pasture who told Habermehl he'd have to replace the tags, which he did. Habermehl says the CFIA inspector thanked him for his cooperation, so it came as surprise when he later received notice of his fine by registered mail.

Rather than roll over and pay the fine, Habermehl took his case to the Canadian Agricultural Review Tribunal, a quasi-judicial body that hears complaints about agricultural regulations.

Habermehl dropped by the SSGA convention in Moose Jaw on June 14 to garner support for his hearing set for



Ken Habermehl dropped by the SSGA Convention in Moose Jaw to garner support for his case against the CFIA and CCIA. Pictured with Habermehl are SSGA Board Member Roy Rutledge and Killdeer area rancher Billy Wolfe.

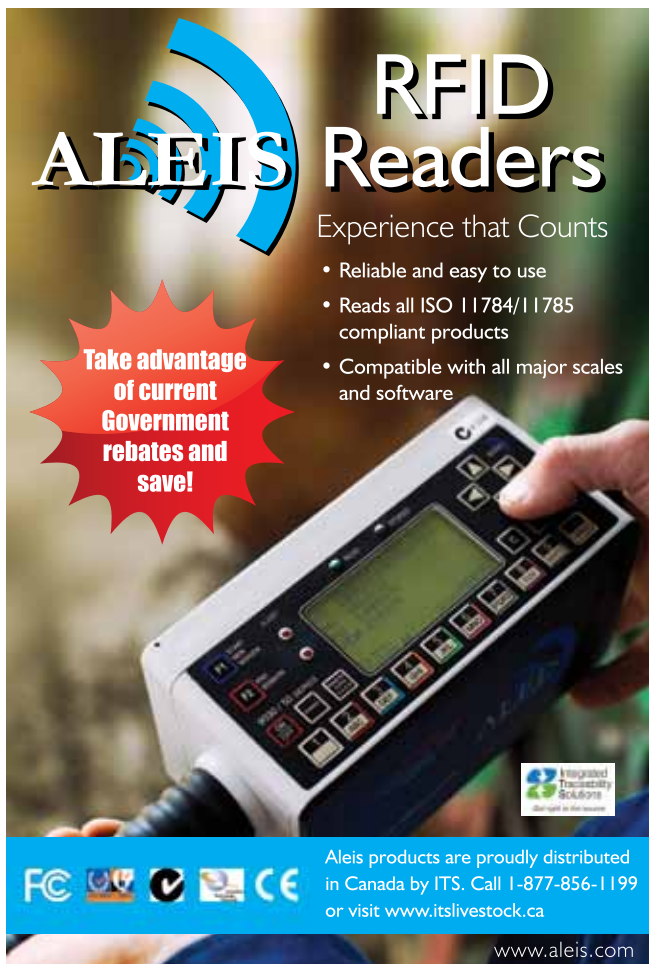
the next day in Saskatoon. He told *Beef Business*, "the Canada Food Inspection Agency (CFIA) and the Canadian Cattle Identification Agency (CCIA) have no business levying fines against producers who lose tags when retention levels are clearly far lower than they claim."

Habermehl said, "producers simply don't believe Steve Primrose and officials from the CCIA who claim that 99.9% of their animals' tags stay in place. We know from experience that this isn't the case."

Rutledge Star Expert Witness at June 15 Hearing

After the five and one half hour hearing on June 15 Habermehl told *Beef Business* that rancher and sale barn manager Roy Rutledge proved to be a valuable expert witness. "Roy brought the lighter side to the hearing room and even had the Tribunal chair laughing."

Habermehl paraphrased Roy's comments as follows: He told the Tribunal that he started working on the ranch at the age of twelve and knew the difference between bullshit and manure. He said ear tags aren't a permanent ID and you can't run a traceability system without permanent ID. Ear tags fall off, they break off, they tear off. Temperatures go from about 40 above to 40 below in this country which has to be hard on tags, and UV light also has an effect on plastic. You've got to go with a system that works. **B**



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BSE Class Action Update

Ontario-based litigator Cameron Pallett appeared at the SSGA convention on June 15 to deliver an update on the BSE class action suit. Convention delegates, while not unanimously supportive of the suit, were clearly impressed by the passion that he puts into his work on behalf of cattle producers. For details on the suit see Roy Rutledge's commentary in the May edition of *Beef Business*. 



Cameron Pallett

Panama Opens Border

On June 8, Ag Minister Gerry Ritz announced that Panama has reopened its border to Canadian bovine and genetics. The announcement follows on the free trade agreement between Canada and Panama that was signed on May 14, 2010. 

Bjornerud Addresses SSGA Convention




Addressing the 97th Annual Stock Growers Convention and AGM had to be a low stress event for Saskatchewan's Minister of Agriculture, Bob Bjornerud. This is simply because just about everything the organization has asked for over the past two plus years Bjornerud has delivered and then some. It was anything but a hostile crowd. That said, the Minister's remarks, while touching on major policy initiatives of interest to producers, focused a fair bit of attention on areas where he felt there was room for improvement.

For example, while Bjornerud indicated that getting a good portion of the education burden off the property tax was an important first step for producers, he regretted that the additional reductions planned for the coming year had to be temporarily postponed due to the potash price induced budget crunch. Similarly, he shouldered some of the responsibility for the controversy surrounding the passage of the Wildlife Habitat Protection Act and Conservation

Easement Act Amendments.

"While I do feel that the door was open for wildlife and environmental groups to consult with us regarding the legislation, we should have done more to ensure that everyone felt they had been consulted in a meaningful way," said Bjornerud.


Additional measures touched on included the ongoing success of the Farm and Ranch Water Infrastructure Program, compensation to producers for wildlife predation on livestock, and continued support for Environmental Farm Planning.

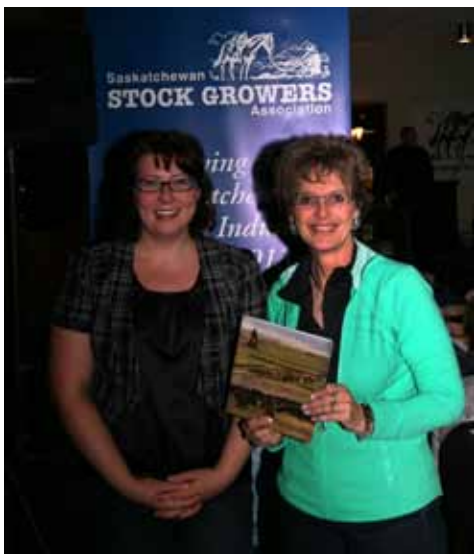
Bjornerud recognized there was disappointment in some quarters regarding the areas covered by the recently announced Agri-Recovery drought payment, but indicated that "you need to draw the boundaries for a program like this somewhere, which means you are bound to be leaving some people out. Unfortunately we can't run a program like this on a case by case basis, it would be impossible to administer." 

Where Beef Comes From

A beautifully photographed and designed book with engaging age-appropriate text by Sherri and Avery Grant was launched at the SSGA's 97th Convention and AGM in Moose Jaw on June 15.

Where Beef Comes From tells young readers the story of beef from gate to plate. The story opens at calving time and follows the beef life cycle from pasture and weaning through to finishing. Avery Grant's text is readable and informative – with just the right amount of information to ensure that kids will be learning without being tedious. Sherri Grant's design takes this kids' book to a higher level of production quality than we're used to seeing in books for children. Sherri was gratified when over a third of her first edition sold at the convention.

Copies of *Where Beef Comes From* are available through the SSGA office in Regina. 



Avery and Sherri Grant

Horned Cattle Trust Fund Gets a Reprieve

Saskatchewan's Ministry of Agriculture wrote the Saskatchewan Stock Growers Association (SSGA) on June 8, indicating that it would not be proceeding with the process that would have seen the Horned Cattle Purchases Act repealed.

SSGA General Manager Chad MacPherson, told *Beef Business*, "We're pleased that our efforts on behalf of preserving the horn deduction system met with a positive response at the Ministry."

"We were confident that once ministry officials appreciated the broad base of support for the fund from producers and groups like the SSGA we would see it preserved", said MacPherson.

Back in April, McCord area rancher, Mark Elford, who serves on the Horned Cattle Trust Fund Committee, summed up the benefits that the fund provides to the industry.

"It's one of the most sensible check-off

systems there is. The idea behind the system is to improve the quality of the beef we send to market and overall returns to the industry by deterring people from leaving horns on their animals."

Funds raised through the Horn Deduction are made available for numerous research and industry development initiatives. According to the report submitted by Horn Fund Committee Chair, Bill Huber, to the SSGA's Annual Meeting in Moose Jaw on June 15, between April 1, 2009 and March 31, 2010 a total of \$106,250 in grants were made available to seven organizations including the Veterinary Infectious Disease Organization (VIDO), the Saskatchewan SPCA, the Western Beef Development Centre, the Farm Animal Council, Agribition, Prairie Conservation Action Plan, and Deep South Animal Clinic.



