WILD ROSE NEWS

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PRESIDENT'S REPORT

Greetings once again fellow producers. Moisture conditions in the Bashaw district have been adequate this year. Temperature has been considerably below normal and heat is needed to develop crops that have the potential to be 'bumper'.

Unfortunately, there is not much to be optimistic about price-wise, with all commodity prices considerably less than a year ago. It seems all politicians, particularly Agriculture ministers, are coming under more criticism in the press over inadequacies of the so-called Safety Net Programs. Very few Alberta producers I have talked with even come close to being eligible for any subsistence dollars, even though their incomes are down substantially. The main defect with our FIDP program is that 70% of almost nothing is still nothing. I guess it's because all aspects of food production are so capital intensive that farmers can live off their depreciation if necessary, and that the full impact of the crisis we are in now hasn't been fully realized. Wild Rose has requested meetings with both Ty Lund, Alberta's new Agriculture Minister, and the Agriculture Standing Committee.

"The main defect with our FIDP (Farm Income Disaster Program) is that 70% of almost nothing is still nothing"

The CFA summer meeting will be held July 29-30. I am sure the farm income crisis will be forefront in the discussions. It is ironic that other countries can help their farmers whenever necessary, but Canada's politicians say they cannot do this because it may not be 'trade friendly'!

They can, however, come up with $15M on a few days notice to help Canada's hockey teams. I think only hockey fans should subsidize hockey teams. Then only people who eat food would have to help the people who produce it!

I am happy to report that Terry Lee Degenhardt has been appointed to the National Safety Net Advisory Committee. Terry Lee has extensive experience on the national NISA committee, and will do a good job of representing Wild Rose at the national level. It was agreed that Terry Lee should have the background experience needed for the national committee, so therefore she will sit on the Alberta Safety Net Coalition. There is no doubt she will speak out if the policy of the ASNC is not reflective of that of Wild Rose. Thank you Terry Lee for your commitment on this very important issue.

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PRESIDENT'S REPORT – CONT'D

At the last ASNC meetings held June 13-14, we spent considerable time discussing the flaws with our crop insurance program and suggesting improvements, most of which cost very little. The irony is, the AFSC board of directors gets their advice from a politically appointed advisory committee. We agreed the ASNC, which consists of farm leaders representing all commodities covered by crop insurance, would be a more appropriate group to advise the policy makers. If ASNC had marketing people on staff, rather than only administrators, usage would go up, risk would be wider spread, and costs to producers would go down. I am amazed at how many people comment to me "I've paid crop insurance for 10 years and never collected, so I quit." Well, I have paid fire insurance on my house for over 30 years and have never collected, but I'm sure not complaining! Crop Insurance must be considered an expense, not an investment.

The Wild Rose summer meeting was held in Taber June 28, followed by the board meeting June 29. All feedback received was very positive, and I am sure it was a very worthwhile effort. Thank you Paul Thibodeau for all the work you did organizing those meetings, and obtaining donations to cover costs. Thank you to the Thibodeau 'kids' for helping with the barbecue. Thanks to all the sponsors, and especially the board members and Regional Directors for donating your time to come to these very important meetings.

I hope you have long sunny days for haying. Don't feel too bad if you're not the first one in the neighborhood to start cutting. Remember that the early bird may get the worm- but the second mouse gets the cheese.

Alan Holt

Save for half page adv.

CHANGES TO NISA AND AIDA

IN order to support farmers in flooded areas of Saskatchewan and Manitoba, Minister Vanclief announced today a set of changes to NISA and AIDA. The Minister will make available money more accessible to farmers ***but it is not new money***. The improvements will be available to ALL Canadian farmers and not restricted to a group of farmers.

Changes to NISA	Changes	Before
Minimum Income Trigger	$20 000 for an individual $35 000 for farm families	$10 000 for an individual $20 000 for farm families
Expanding operations	Covered Some farmers with expanding operations were not able to access their NISA account because their reference margin did not reflect the new size of their farm. AAFC has not decided yet all the Eligible Net sales will be recalculated.	Not Covered
Separate withdrawal and deposit	Farmers will be able to make a deposit before withdrawing money from their NISA account (or the opposite)	Deposit and Withdrawal at the same time
Make Interim Withdrawal Easier: - Delay to repay when farmers withdraw more than they are eligible to trigger - Error margins (Overpayment allowed) - Overpayment charge - Delay to re-enter NISA	 A full year delay (after mandatorily opted out of NISA) 20% 3% of excess withdrawal amount 2 years	 3 months 10% 5% 3 years

According to AAFC, these changes result in $117 million additional NISA money made available to Canadian Farmers, including:

$54 million in Saskatchewan
$22 million in Manitoba
$41 million in other provinces

Changes to AIDA	Changes	Before
Advanced payment for 1999 AIDA program	60% Advanced payment. 1999 AIDA payment will start on September 1^{st}, 1999.	

These changes are a first step in the right direction, but we are still lobbying AAFC to cover negative margins as soon as possible. Farmers in the flooded area will not get enough support from AIDA if negative margins are not covered.

Other AAFC Press releases on the topic are available at this address:

http://aceis.aqr.ca/cb/news/newsrle.html

ALBERTANS INVADE MONTANA
By Alan Holt

In May, Wild Rose received an invitation from Agriculture Minister Ed Stelmach to attend a meeting in Great Falls, Montana June 1-2, which we accepted. About 50 Alberta farm leaders and MLAs traveled on the Government Dash 8, with stops in Edmonton, Calgary, and Lethbridge.

The meeting was dubbed the Alberta-Montana Opportunities Conference. Alberta Premier Ralph Klein and Montana's Governor **ROSCO**(name needs checking) opened the meeting, which was designed to mitigate trade irritants between the two jurisdictions. The meeting was almost overrun by media (mostly from Alberta), who expected to see a bunch of angry farmers and politicians shouting at each other. This did not happen. What did happen was that farmers and politicians from both sides of the border gained a better understanding of each other's problems, systems, and subsidies.

We had a choice to attend one of seven breakout groups, which were cattle (2), grain (2), other crops, finances and other livestock. Approximately half of the Albertans were from the cattle organizations, as cattle have had the most problems crossing the border lately due to protests and subsequent trade challenges by the U.S. farmers.
I attended the grains group, and then went into another breakout group to discuss the CWB. As expected, the Americans do not like the CWB. They claim it is too powerful and gives Canadians a big advantage selling into the international markets. They don't like the Canadian Grain Commission either, for much the same reason. The U.S. is unable to guarantee and deliver the same high quality to offshore customers. They were also amazed at the almost non-existence of subsidies in Canada. They questioned our $900M AIDA program, which has had good media coverage south of the border. I explained that if all the money went to western grain farmers who crop 90M acres, it would be $10/acre. Ontario and Quebec farmers will want all they can get, and hog producers want, and deserve, some of it.

I think most Albertans had some sympathy for our Montana counterparts when the meeting ended. There are only 640,000 residents in Montana and virtually NO value added. Because of the low population, the tax base is very low. Thus, farmers pay high land taxes, as well as taxes on buildings, cattle, and machinery. Rail transportation costs about 50% more per ton mile in the U.S. than in Canada. Hail insurance averages 1.6%, compared to 3.5% Canadian. U.S. imposed sanctions disadvantage their producers, and they see the dollar exchange rate as a Canadian advantage. Alberta Agriculture Minister Ty Lund and U.S. Agriculture Secretary Ralph Peck closed the meeting.

Coincidentally, I sat beside Don Taylor, a farmer from Lewiston, Montana. Don is a leader of a group called The Lewiston Farm Forum. This is the group organizing the border protest rallies. Interestingly, these rallies are not to protest Canadian agriculture products crossing the line, but rather to get the message to Washington that rural America is in a state of crisis, and must be helped. The pamphlet circulated by this group contained some interesting statistics on the return on investment within the food chain. It is 18% for supermarkets, 17.2% for processors, and 2.4% for primary producers. I would expect Canadian figures to be very similar.

In conclusion, we all agreed Canada and the U.S. must work together on trade distorting issues, or the Europeans will put us both out of business. This was one of the most productive meetings I have attended in recent memory, and I am confident there will be fewer problems at the Montana border as a result. Many of the recommendations coming out of the meeting are of a national nature; ands will have to be dealt with by Washington and Ottawa. If the will to cooperate is as strong at the national level as it is at the state/provincial level, I am certain that farmers and ranchers on both sides of the 49th will benefit.

WGRF PURSUES RESEARCH TAX CREDIT FOR PRODUCERS

From the Western Grain Research Foundation

Tax Credits and a fusarium breakthrough in breeding are signs of the payoff from farmer-funded research

Western Grains Research Foundation is one step closer to getting farmers a tax credit for their support of the Wheat and Barley Check-off. That and a research breakthrough in fusarium resistance are signs that the investment farmers are making in wheat and barley breeding is starting to pay dividends.

"While there's no definitive word on the tax credit status, we're getting positive signs," says Lorence Peterson, Executive Director of the Foundation. "And in the meantime, farmer funding is generating steady research progress."

Wild Rose Agricultural Producers, represented by Keith Degenhardt, is a member of the farmer-directed Foundation, which represents 18 diverse agricultural organizations. In addition to the Wheat and Barley Check-off, the Foundation administers the Endowment Fund, which goes to various crops research. Those funds are significant. Together, they funded $4.5 million in research in 1998.

The check-off is deducted from Canadian Wheat Board final payments to producers at $0.20/tonne for wheat, and $0.40/tonne for barley. (The exception is barley in Alberta which is covered by a provincial check-off.) The check-off supports breeding programs for the development of new wheat and barley varieties.

In the business world, spending on research toward product development is generally eligible for the federal Scientific Research and Experimental Development (SRED) tax credit, says Peterson. The Foundation would like farmers supporting the check-off to be eligible for that tax credit.

"Having the tax credit in the hands of producers would encourage support for the check-off, which would help strengthen wheat and barley breeding programs in Western Canada," he says.

To date that has not been allowed. Over the past three years, the Foundation has maintained an ongoing dialogue with Revenue Canada which is developing a policy on how the check-off and similar research funds can apply. Most recently, the Foundation and other agricultural organizations met with Revenue Canada officials in Calgary.

Revenue Canada asked the Foundation and other agricultural organizations to get together and decide on a common approach on how the tax credit should become available, says Peterson. One option is to present such an approach to a future SRED.

"While the Foundation would like the tax credit to go to farmers supporting the Check-off, we would support flexibility in the SRED legislation to allow organizations to reach agreements with producers on how to use it," he says.

If the tax credit becomes available for individual farmers in the check-off, the Foundation plans to pursue a tax credit for the Endowment Fund, its other funding source. The Endowment Fund was established in 1983 as a $9 million surplus from the old Prairie Farm Emergency Fund. It generates approximately $750,000 annually for general crop research.

"The check-off is our major funding source," says Peterson. "That's why it is our first priority for a tax credit,"

Fusarium breakthrough

A breakthrough is fusarium control is an example of why ongoing farmer support for wheat and barley breeding is important, says Peterson.
After five years of intensive research, scientists from Agriculture and Agri-Food Canada's Cereal Research Centre have identified molecular markers for three genes in wheat that confer resistance to Fusarium head blight (FHB). And farmer funding contributed to that progress.

This achievement will enable breeders to more rapidly identify lines in their wheat breeding programs that are resistant to FHB. The good news for farmers is that breeders hope to register a Canada Prairie Spring (CPS) wheat variety with Fusarium resistance by 2001, followed by resistant Canada Western Red Spring (CWRS) varieties in 2002.

"This represents a tremendous step forward," says plant pathologist Dr. Jeannie Gilbert, "We are very excited to locate these resistance genes and identify the markers which will help breeders develop new varieties with resistance to Fusarium head blight."

For the past six years, the disease has caused major yield and quality losses for crop producers in Western Canada. In the field, Fusarium is recognizable by bleached, shrunken, sterile florets. As well, the fungus that causes the disease produces a toxin that makes infected grain unsuitable for human or animal consumption.

The farmer funding is an example of the long-term and somewhat tedious nature of crop research. With initial support from the Western Grains Research Foundation, scientists located and characterized the genes for resistance to Fusarium graminearum, the species of Fusarium responsible for the majority of crop damage. Then, they studied resistant lines in order to identify markers associated with the resistance genes.

At the end of three years, the groundwork was completed and with further funding from Agriculture and Agri-Food Canada's Matching Investment Initiative (MII) scientists were able to locate and mark genes for FHB resistance.

Annual Report available to producers

Western crop producers who want an overview of WGRF funding can get a free copy of the 1998 WGRF annual Report. Copies are available from the Foundation office and online at www.westerngrains.com. They were also distributed to Foundation member organizations and their boards, as well as media and extension.

A Chairman's Report discusses research funding direction and the role of farmers in research, while an Executive Director's Report outlines fiscal and administrative approaches. Updates on the two research funds include a look at Endowment Fund projects recently completed, ongoing and new, and a summary of Wheat and Barley Check-off Fund allocations and breeding progress.

Check the Web for updates

The fastest place to get the latest info on WGRF research is the Foundation Web site at www,westerngrains.com. It concludes the new Annual Report, Research Reports for farmers on each research project completed, recent news releases on key developments and a broad range of other Foundation information.

"Not every producer is on the Internet but most have access through extension or agri-business," says Allen Oberg, Chairman of the Foundation. "That gives us a fast, low cost opportunity to make our information available and complement our other communications efforts."

Most important, the Foundation welcomes producer views and inquiries at any time. Contact the Foundation office:

118 Veterinary Road,
Saskatoon, SK,
S7N 2R4,
Phone: (306) 974-0060,
Fax: (306) 975-3766,
email: info@westerngrains.com.

YES! I wish to join Wild Rose Agricultural Producers

Name: ______________________________ Spouse: ____________

Address: ______________________________ Town: ____________

Postal Code: ____________ Telephone: ____________ Fax: ______

I enclose - Membership fee :

Producer	**$ ______**	**($107.00)**
3 - Year	**$ ______**	**($288.90)**
Associate	**$ ______**	**($ 53.50)**

Wild Rose Agricultural Producers, 14815 - 119 Avenue, Edmonton, AB, T5L 4W2
Telephone: 780-451-5912 Fax: 780-453-2669 E-Mail: wrap@planet.eon.net

REPORT ON THE JUNE CFA BOARD OF DIRECTORS MEETING

By Terry Lee Degenhardt

Four of the various CFA committees met on June 3. I attended the communications, rural, environment/science and part of the trade committee meetings. Lots of ideas surface at the committee level.

One of the projects the Rural committee has been hearing about is the quality of life study for rural communities. CFA and the Association of Counties and Municipalities worked together to implement a study looking at indicators of whether rural communities are good places to live. They chose to assess health care as the focus of this study. The 3 communities chosen were eager to participate, and have been assessed within the last couple of weeks, but the information hasn't been fully processed yet. From this study, the group wants, to put together a package that will be available for communities to use for themselves to assess their access to health care.

Environment/Science Committee

Many issues to be aware of. There are changes pending to the rules applying to anyone (including on-farm) mixing feed that contains medication. CFA expects the proposed legislation to be published soon in the Gazette. Accuracy and record keeping seemed to be the major concerns. The committee reviewed a report out of Europe regarding the incidence of antimicrobial resistance, and the links to agriculture. As long as valid research reveals the actions we need to take as producers, and not consumer panic, it will be in producers best interests to take a leading role in regulating ourselves.

"Emissions trading" is part of the climate change jargon. It refers to buying or selling carbon credits. A company, or industry that has significantly reduced its emissions of carbon dioxide could sell that carbon credit to a company that has not been able to reduce its carbon dioxide output. Some emissions trading among countries who have signed the Kyoto agreement would provide for a cost-effective means of complying with the Kyoto agreement. At the moment there is a huge range in estimates on the value of a ton of carbon (removed from the air), ranging from US $85 to US $173.

The Foundation Paper for the Agriculture and Agrifood Climate Change Table is finished. Agriculture is assessed to be responsible for 1% of carbon dioxide, 27% of methane, and 65% of nitrous oxide emissions. Although the total amount of nitrous oxide released each year is relatively small, it is still significant because each nitrous oxide molecule has 310 times the effect of each carbon dioxide molecule. Nitrogen is not only an expensive input which farmers do not want to see lost to the atmosphere, but now any losses are of twice the concern because of the harmful atmospheric effects when they occur as nitrous oxide. More research needs to be done to identify the conditions – time of year, temperature and moisture, soil types, etc. that lead to nitrogen losses in the form of nitrous oxide both from manure and from commercial fertilizers.

Board Meeting

Arthur Kroeger, who heads the Kroeger Commission, which is looking into changes that need to be made in order to implement the Estey Report, spoke to the Board and answered a few questions. Minutes from each meeting – every Monday from now to the end of August – as well as "other important documents" will be placed on a website. If you are internet incline, Rod Scarlett, (WRAP) is on the steering committee and has the address. There will be larger meetings to which concerned groups and individuals can come – one in Regina in June, and one in Red Deer July 28th. Three working groups have been established. Jan Bowland from KPMG chairs the rates and revenues group; Milt Fair, past CEO of Saskatchewan Pool, chairs commercial relations; and Doug Livingstone, past President of Alberta Pool, chairs the competition and joint running rights group. Counting CWB staff as producers, producers make up almost 50% of the working groups.

The 3rd International Federation of Agricultural Producers (IFAP) meeting will be held in Regina June 21-22. This should be a wonderful experience for those attending. The Board agreed to endorse a proposal put forward by the Canadian Agricultural Marketing Council (CAMC) to examine the financial cost/benefit to farmers of exporting agricultural goods, and to hold workshops to discuss value added exports within the context of that information.

The World Rural Women's Day is October 15, 1999. The theme of this year's campaign is "Give credit to rural women", and will focus on micro-credit. The CFA Board agreed to donate $500.00 to the campaign.

FAHLER TRADE FAIR
By Elaine Jones

picture

Manning the Booth, L to R:

Leo Lemire (?)
Elaine Jones
Rudolph Lubeseden (?)

485 people put names into our draw box, about 25 marked their entries as being farmers interested in more information on Wild Rose Agricultural Producers. About 20 more said they were already members.

The draw was popular- a small portable charcoal B.B.Q. donated by the Joneses.

Many people had heard Alan on the Farm Show and a lightbulb flashed when we told them what the organization does.

Most people felt that a checkoff to support our organization was the way to go- but most did not feel that they should put out the $100.00 for a membership.

Everyone wants the benefit of a good strong G.F.O., but the thought is still out there that government involvement is inevitable and cannot be changed or influenced by any group or individual. How do we go about getting more TV coverage?

People seldom read their forum papers, a few pay attention to radio forum (?) programs

Coming Events

February 3-5,1999
Agrifuture Farm Technology Expo
Red Deer, Alta
Contact: Russ Evans
1-800-251-6846

March 24-27, 1999
Northlands Farm @ Ranch Show
Edmonton, Alta.

March 19-21
Smoky River Agricultural Trade Show
Falher, Alta.
Contact: SARDA @ 837-2211

HOW TO TEST FOR MOISTURE IN HAY

Grab a cross-section of hay from a windrow. Measure 100 grams using a mial scale. Put it in a sandwich bag or on a paper plate in a microwave. At the same time, place a glass of water inside the microwave. Set the timer for 15 minutes. When the water in the glass boils, replace it with a fresh glass of water. Then keep replacing it each time the water boils. When the sample is dry, reweigh it. This is the per cent Dry Matter (DM). The difference in the weight is the water that was cooked out.

100 gms hay – 40 gm H_20
100% - 40% = 60% DM

-From the Quebec Farmers' Advocate- June 1999, Page 19

12 WAYS TO DELAY PAYING YOUR BILLS

1 Send a copy of their invoice with a torn corner of a cheque stapled to it. This will start a frantic hunt for your missing cheque. When you eventually hear from your supplier, you can delay further while you "check with your bank". And all the time they'll be apologizing to you!

2. Tell them your cheques require two signatures and the other signing officer has (gone on a month's cruise), (had a heart attack), (run off with your receptionist), (run off with your receptionist and then had a heart attack).

3. Send a cheque for about 1/10 the amount owing made out to a different (and fictional Company "X". When they call, apologetically tell them your office girl is always putting things in the wrong envelope, and you'll personally take care of it "right away". (Translation: In 3 months).

4. Tell them you must have a separate breakdown of labour and materials. When they send it, tell them you think they've got the figures reversed.

5. Deny all knowledge of ordering (or receiving) the items they've billed you for. Ask for details of who ordered, when and how shipped, who signed for receipt of shipment, etc.

6. Tell them you thought it was clearly understood they didn't get paid until your customer pays you, and your lawyers are trying to collect now.

7. Wait until they send the bill the third time then write (never phone-writing is slower) and ask why you haven't received an invoice. Demand a written reply for your auditors.

8. Ask for an itemized account, but don't explain what you mean by "itemized". Then when you receive it, write back saying that wasn't what you wanted at all.

9. Sales Taxes give you almost unlimited scope to delay payment.
For example: why have they charged sales tax when your Purchase Order (which of course, you never sent them) clearly shows Sales Tax exemption? Alternatively, if no sales tax is charged, why not?
Or why Federal but no Provincial?" or vice-versa?

10. Say your books have been impounded by the R.C.M.P. as evidence in a complex-and highly secret-case which might (you hint) involve a close friend of your supplier company's president.

11. Tell them for accounting reasons you must have the bill broken down into two. Then have someone else in your organization start the whole thing over by asking why there are two bills instead of one. And then pay only one

12. Send a cheque with figures not matching words. When they call, send a correct cheque, but omit to sign it.

CHANGES IN RURAL ELECTRIFICATION ASSOCIATIONS

Excerpts of an article that appeared in Country Power "Spring May 1999.doc"

by Lynne Dale, Executive Director and Bill Paterson, Business Administrator

Why are REA's pursuing amalgamations and associations and what are the differences between the two options? Generally, both options indicate a desire to preserve the REA heritage and identity, to maintain local control and influence, to offer continued high quality services at low prices, and to work closely with members within the co-operative spirit.

The reasons for amalgamation include the following:

- a desire to have more clout when negotiating with existing utility services providers, or in attracting new contractors;
- operational and maintenance cost reductions;
- fewer directors and secretaries to pay;
- pooling of resources which may result in being able to hire more permanent staff (e.g. in hiring one full-time manager instead of several part-time secretaries) or the occasional hiring of outside technical expertise;
- the possibility of becoming an operating utility business.

Some REA's are looking at association for the following reasons:

- fear that a larger REA may be sold at some point in the future, with very significant implications;
- some cost reductions regarding such things as new taps, construction and brushing through joint contracting;
- a desire not to lose local identity;
- an interest and satisfaction in maintaining the status quo, while recognizing the benefits of working together in some way.

Association does not allow certain benefits that amalgamation does. The most obvious issue is that this does not reduce the number of directors or secretaries, and therefore does not reduce these costs, unless a specific arrangement can be concluded. Certainly, becoming an operating utility would pretty well be precluded, or would be a very complex arrangement at best. Another point to consider with association is that it has no track record, as amalgamation does, and therefore no established process or procedures. On the other hand, association may at least be a step on the path to amalgamation, a learning process similar to learning to walk before we run.

How do REA's decide their future?

The decisions REA's have to make over the next few months are difficult ones. To a great extent you may be relying on the Alberta Federation of REAs to supply you with information that you need in order to make the decision which is right for each REA. They will attempt to do this through the newsletter.

Another way to get information is through representatives of the Restructuring Partnership. Already, several of these people have been instrumental in initiating amalgamation discussions in their areas. At their last meeting, the Executive Committee of the Partnership discussed the possibility of an information session for any REA director interested, likely some time in July, in order to pass on the most current information. And, in particular, the AFREA's are working with "C" Contract REA's to begin to establish a "mentoring" program to help interested REA's know and understand more about what is involved in being "in business". One place you might start is by asking their managers or members of their boards of directors to come to your meetings and discuss the impressions of what it is really like to be in business. You can call the managers of these "C" REA's as follows: Pat Bourne at Central Alberta REA (403-227-4011), Bob Bancroft at Rocky REA (403-845-4600) or Candy van Buuren at South Alta REA (403-625-4348).

In addition, these managers have offered to work with us in providing workshops to REA's on a variety of topics, including office and storage space requirements, staffing, equipment rental or purchase, acquiring trucks and tools, billing, inventory, and customer service - i.e. the real "nitty gritty" detail associated with day-to-day operations. We will most likely be offering these kinds of workshops in conjunction with our annual conference next February, but, if you have a particular need before that, please let us know.

The Federation and the Restructuring Partnership encourage all REA's to investigate amalgamation options. We believe that this approach is vital not for the mere survival of REA's but for their longer term prosperity.

Transportation Reform

By Rod Scarlett

Background

On May 12, 1999, the federal government announced its decision to use Justice Estey's Report as a policy framework for "improving" the efficiency and reliability of the grain handling and transportation system.

Arthur Kroeger was appointed to facilitate the development of an implementation plan based on Justice Estey's recommendations. Wild Rose was selected to participate on the Steering Committee. Three sub-committees or working groups were formed - Rates and Revenues, Commercial Relations and Competition (Safeguards) to flesh out the recommendations. Wild Rose has one delegate, Gordon Smillie, on the Rates and Revenue working group.

Mr. Kroeger is required to submit a report to the Minister of Transport by September 30, 1999.

Update

As Wild Rose Agriculture Producers representative on the steering committee, I will try to give you a brief summary of where things are at, and where they are going. To begin with, it is fair to say that timelines are exceedingly short, and the Government of Canada could not have picked a more inopportune time for producers to participate in this process. Transport Minister David Collonette has made it very clear that the process now is limited to implementation of the "spirit of the Estey Report" and not an re-evaluation of some its obvious weaknesses. Therefore, we are trying to make the best of what may be considered a poor situation.

The Estey Report was divided up into three inter-related sections and a working group was formed to provide recommendations for each.

Working Group #1, "Rates and Revenues" are to prepare recommendations that:

would replace the existing regulated rate cap regime with a revenue cap scheme for rail movements of grains and products listed in the attached Schedule II of the Canada Transportation Act while providing a framework for overall average freight rate reductions commensurate with a lower cost system beginning August 1, 2000 and
would permit an appropriate sharing of benefits of productivity gains with farmers, and

would operate in a fashion that gives greater play to market forces in rate determinations

The work of this committee has been, and continues to be of utmost importance. Certainly one of the criteria that Wild Rose will use to judge the effectiveness of any transportation reform will be a substantial lowering of freight rates, now and in the future. The work and reports of Gordon Smillie, Wild Rose member and representative on the committee, have been somewhat promising in that a fair revenue cap scheme maybe possible.

Working Group #2, Commercial Relations are to prepare recommendations for the development of substantially more commercial grain handling and transportation system, which:

would be based on contractual arrangements, including but not limited to the tendering process, rather than on administrative measures, and

would ensure that the Canadian Wheat Board is effectively able i) to fulfill its mandate to market wheat and barley on behalf of western producers, and ii) to maintain price pooling.

This committee is to deal with such items as car allocation, the harvest quota, contract calls and the role of the CWB. Because of the scope of the issues, there is little to report on the work of the committee other than the fact that all issues have looked at and formal recommendation will probably not be available until August.

Working Group #3, Competition (Safeguards) are to prepare recommendations that:

would increase competitive options for shippers and establish appropriate safeguards to protect the public interest in a new, more commercially-oriented grain handling and transportation system.

This committee is dealing with items such as producer-loaded cars, competition between the railways, final offer arbitration, branch line abandonment and reviewing efficiency gains. Again, because of the wide scope of issues, it is not expected that any concrete recommendations will be forthcoming in the immediate future.

The process is relatively simple. Each of the working groups will be submitting their recommendations to the steering committee that will in turn, be drafting the final report. The final report will have to keep in mind a number of criteria. In the case of Wild Rose, the recommendations must, first and foremost, enhance the producer fiscal bottom line and ensure that any future productivity gains are at least in part, shared with producers. Greater commercialization of the system, accountability, contractual arrangements, and the maintenance of an effective CWB are other important considerations. Certainly, the next few weeks will provide a clearer indication of the direction that the working groups are taking. Please do not hesitate to contact me with any concerns you may have in this regard.

Further information on the Estey transportation reform process is located at www.tc.gc.ca/railpolicy/default e.html

MLA FARM PROPERTY ASSESSMENT REVIEW COMMITTEE HIGHLIGHTS OF THE SUMMARY OF RESPONSES

Background:

- The Committee was established in 1997 by Iris Evans, Minister of Municipal Affairs, to review specific issues related to farm property tax assessment.
- The Committee focused on nine issues. A questionnaire was sent out and public meetings were held across the province. There were 381 responses to the questionnaire and about 1200 people attended the meetings.
- In May of 1999 a summary paper was released.

General Observations:

- There is an overriding concern with education property taxes.
- On many of the issues, opinion was divided and no clear consensus emerged.
- On some issues, people come from fundamentally different perspectives.
- There is suspicion that any changes will result in higher taxes for agricultural producers at a time when they can't afford it.
- Farm property assessment and taxation are complicated issues and it was clear that many people don't understand how the current system works.
- The tax system should not result in disincentives to value added agriculture or to farmers who are diversifying their farming operations.
- There is a lack of trust among the different groups and types of municipal governments.
- The system is complex already and any changes should make the system simpler.
- More time is needed for careful assessment.

Responses to Nine Issues

Definition of farming operations

Most people supported the definition overall but had concerns with specific components.

Assessment of woodlots

Most people agreed that woodlots should be considered farming operations and assessed on the basis of their productive value.

Valuation of farmland for assessment purposes

Most people said that the productive value system should remain but it needs to be updated. Opinions were divided on how to update the system and how often.

Intensive vs. Extensive agricultural operations

The issue is about the added costs to a municipality of intensive agricultural operations and the best way of assessing and taxing those operations to cover the added costs. The questionnaire set out four options for people to consider and opinions were divided. Most people rejected all four options and said there should be a better solution.

Assessment of land not used for farming operations

Most people agreed that land not used for farming operations should be taxed on the basis of its market value. Some concerns were raised about land set aside for conservation purposes or wildlife habitats, and those concerns need to be addressed.

Farm residential site valuation

This issue relates to the current situation where the site of the residence on farmland is assessed on the basis of the market value of three acres as if the site were a separate parcel. The Committee outlined three options and again, opinion was divided. Most people suggested there should be a better solution.

Farm residential tax exemption

This issue relates to the exemption of a residence on farmland and the perceived unfairness of the current system. Again, opinion was divided. Many said they would support removing the exemption for residences on farmland, but only if there is something to offset it, specifically, removing education tax from farmland.

Business tax on farming operations

While many supported the option of allowing municipalities to levy

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a business tax on agricultural operations, some were worried that this would cause inequities across the province or that municipalities would simply use this as a way of increasing taxes.

Tax rate subclasses for farm property

Again, opinion was divided on whether municipalities should be able to set up subclasses of farm property depending on the type of agricultural operation and set different tax rates for different subclasses.

Next steps:

The Committee is planning the following actions:

- The definition of farming operations is acceptable in principle but needs further refinements. The Committee plans to make those changes and send it out for review.
- Woodlots should be considered as farming operations and taxed on the basis of productive value. The Committee plans to include woodlots as a use of property that qualifies as a farming operation.
- Farmland should continue to be assessed on the basis of its productive value. The Committee plans to develop a proposal on how the system would be updated regularly and send it out for review and feedback.
- Land not used for agricultural purposes should be assessed on the basis of market value. The Committee will develop some options for dealing with land set aside for conservation.
- While opinions were divided on the farm residential site valuation, the Committee's view is that there likely is no need for changes at this time.
- With regards to Intensive farming operations the Committee will undertake specific impact studies for a sample of municipalities to assess the effect of different options including: the impact of removing the residential exemption, introducing a business tax, allowing municipalities to introduce sub-classes of farmland and different tax rates for different classes, and assessing intensive operations based on the "footprint" concept.

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CANADIAN FEDERATION OF AGRICULTURE
TRADE POLICY STATEMENT
BASIC TRADE POLICY GOALS

The increasing interdependence of national economies and the growing and competitive global market place have reinforced the importance of export market opportunities and the importance of fair and effective trade rules.

Canada must approach trade negotiations with the objective of achieving positive results for Canadian farmers. In this regard, trade negotiations in agriculture should result in a better functioning of international and domestic markets and contribute to the improvement of Canadian farm incomes.

The range of processes, initiatives and options on Canada's current trade policy agenda is very large (eg. WTO, NAFTA, Canada/Chile bilateral, Canada/Israel bilateral, APEC Quad 4, G-7, OECD, FTAA, etc.). The breadth of this agenda provides opportunities, but also poses risks.

The CFA has asserted, and continues to assert, the Canadian Government's trade policy must:

- identify the WTO as the principal vehicle for the establishment of fair and effective trade rules and improved export opportunities.
- approach all trade negotiations in a coordinated fashion that ensures trade agreements and initiatives complement each other.
- give high priority to the review of the effect of existing trade agreements and give high priority to the achievement of full implementation of existing commitments in the consideration of future action.
- the maximum possible access for agricultural exports, but also respect the domestic interests of Canadian farmers.
- preserve Canada's ability to continue orderly marketing and those measures necessary for the stability and profitability of Canadian agriculture.
- recognize that change is negotiated on a reciprocal basis, but insist that the results establish clear and effective rules and standards that apply equally to all countries.
- ensure a continuing commitment not to allow one commodity to be traded off to enhance the interest of another commodity nor to trade off agriculture in general for another industry sector.

NEXT ROUND OF WTO NEGOTIATIONS

In order to achieve meaningful and comprehensive results, Canada should endeavour to have the next round of agricultural negotiations carried out in the context of a comprehensive round of WTO negotiations.

The next round of WTO trade negotiations in agriculture must focus at the onset on reaching an agreement on the elimination of all export subsidies.

Canada must also seek an agreement reflecting fairness and reciprocity by ensuring the development of precise and enforceable rules on countries' commitments in order to avoid the disparity in the level of commitments which resulted from the Uruguay Round (eg. minimum access).

AGRICULTURAL SPECIFIC ISSUES

1. EXPORT SUBSIDIES

Since Canada is eliminating all export subsidies, further action is required to provide a fair, competitive opportunity for the Canadian agricultural industry.
Canadian goals should include:

- Eliminating the use of export subsidies.
- Establishing effective WTO rules governing the use of government export credit programs. These rules should:
    - → Limit the repayment period of a loan to period approximating the life of the product being sold,
    - → Prohibit the subsidization of interest rates,
    - → Require premiums (reflecting cost of risk involved) for credit guarantees and insurance, but also
    - → Allow governments to provide direct credit as well as guarantees and insurance.
- Reviewing the use of government export promotion programs and food aid programs in order to determine the risk of these programs being used as disguised export subsidies; and, if necessary, the establishment of new WTO rules to govern the use of these programs.
- Preventing changes to the definition of export subsidies that would undermine the effectiveness of Canadian agricultural marketing bodies.

2. EXPORT RESTRICTIONS

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The use of quantitative export restrictions and/or export taxes can in effect subsidize the export of processed products and can undermine the confidence of importing countries, in the security of imported food supplies. Canadian negotiating goals should include:

- Establishing effective WTO rules governing the use of quantitative export restrictions and export taxes. These rules should:
  - → Clearly define the circumstances when quantitative export restrictions or prohibitions are allowed, and the allowed duration of such a measure.
  - → Require that a restriction or prohibition shall not reduce the proportion of exports, to the domestic supply of the product, to a level below the average proportion of exports to the domestic supply in a recent representative period.
  - → Prohibit the use of export taxes to isolate domestic prices from increases in international prices.

3. MARKET ACCESS

CFA believes the fundamental market access goal should be to achieve the maximum possible access for agricultural exports, with due regard for the need to maintain our domestic interests and orderly marketing structures.

- Canada should pursue full equivalency of minimum access levels based on clear and precise rules.
- Canada should continuously pursue maximum market access opportunities for Canadian agricultural exports. The sectors with strong export interests include: grains, oilseeds, pulses, red meat, sugar, sugar containing products and horticulture products.
- As a first priority, the Uruguay Round goal of 5% minimum access must be provided for all agricultural products for which non-tariff barriers were converted into tariff equivalents.
- Minimum access commitments should be established on the basis of:
  - → Tariff Rate Quotas (TRQs) being established on a product group basis, such as pork, beef, dairy, wheat, barley and oilseeds, and be available to all products within each product group.
  - → Over-quota tariffs being maintained at a level that ensures no more access than the intended level of the TRQ.
  - → In-quota tariffs being reduced to zero.
  - → Transparent, effective and binding rules governing TRQ administration in order to ensure that the committed level of minimum access is available and achievable, including:
    - ° The elimination of country-specific allocations; and
    - ° The right for Canada to designate the market sectors that receive imports, provided it does not impede the level of committed minimum access.
- In principle, all current access above the minimum access level must be maintained. However there is a bilateral (Canada/US) anomaly that must be resolved. The current access provided by Canada for hatching eggs and chicks exceeds the base period access volume, while the access provided by the US for Canadian refined sugar is well below historic access levels.
- Notwithstanding the above position on in-quota and over-quota tariffs, Canada should pursue the maximum reduction of all other tariffs.
- For grains, oilseeds, pork and their products, Canada should seek parity of access for competing products and parity of access between the primary and processed form of a product. For example, canola should enjoy access equivalent to that of soybeans and canola products should have as much access as canola seed.
- Canada should continue to pursue "O" for "O" agreements for products of interest to specific Canadian sectors.

TO BE CONTINUED NEXT ISSUE…

FARMERS' ELIGIBILITY TO EMPLOYMENT INSURANCE

Background

Farming is not considered as an eligible activity for EI (Employment Insurance) benefits. In some conditions, a farmer having other employment could be eligible to receive EI benefits if he/she loses their job.

A claimant can earn up to 25 percent of the unemployment benefit's rate each week through other employment activities (including farming and other self-employed earnings). Any earnings above 25% are deducted from that week's benefits.

Claims for maternity and parental leave have no allowable earnings. In these cases, benefits are reduced dollar for dollar on earnings reported during the claiming week.

EI regulations allow self-employed claimants to report net operating income (gross revenues minus operating expenses including depreciation) as self-employment earnings. In the case of farming, it is difficult to calculate earnings on a weekly basis, therefore net operating income is estimated to be "15 %" of weekly gross income".

Since the end of 1997, CFA has been asking for Human Resources Development Canada to review this rule and to clarify its interpretation. We identified two major problems with the rules HRDC applies to determine farmers eligibility to EI benefits.

Is using 15 percent of gross income as a proxy of net operating income, the appropriate rule? Does this percentage reflect the reality or should it be less?

Interpretations of EI rules regarding farmers' eligibility to benefits on their off-farm employment is not clear and allow for misunderstandings. EI benefits of a claimant who is not working on the farm but has a share in the farm could be significantly reduced because HRDC could consider him as actively involved in the farm business.

ISSUES ON EI

1. "15% rule"

In 1998, Agriculture & Agri-Food Canada made a study on the "15% rule". AAFC used tax file data banks to calculate the net operating income for 1990 to 1995.

The study suggested the following:

1. The majority of Canadian farms had net operating margins of less than 15% (average is less than 8%).
2. The 15% rule overestimates the net income received from the farm by almost 80% of farm operators reporting benefits from EI.
3. Families who depend heavily on EI benefits as a source of income in the event of a loss of off-farm employment appear to be the most disadvantaged under the 15% rule.

2. Determination of part-time farmers eligibility

In the case of the incorporated businesses, a partner having more than 40% of the voting share is not eligible for EI benefits. If the partner has less than 40% of the voting share HRDC will examine whether or not the partner is actively involved in the farm. If he/she is considered as actively involved to a minor extent, EI benefits will be reduced by 15% of their share of the incorporated business.

In other cases, a partner having a share will have to prove that he/she is not actively involved in the farm in order to receive the full amounts of EI benefits.

The rules HRDC applies to determine whether or not a partner is actively involved in the farm is not precise and depends on the HRDC office. For example, some could consider a wife spending one hour per week on bookkeeping as actively involved, some could consider a partner working less than 20 hours per week on the farm as not actively involved. EI benefits could be reduced in the first case, but not in the second.

NEXT STEPS:

1 Pursue study on the 15% rule: in conjunction with AAFC we will review the possible solutions and bring them to HRDC. We ask HRDC and AAFC, to initiate a study showing which farmers are the most affected by current rules and which ones could benefit by changing the rules.

2 Get a booklet from HRDC that will clarify the rules that determine eligibility for EI. We were informed by AAFC that we will be able to get a draft of it soon. With the booklet we will, at least, know the rules HRDC applies.

3 In the longer term, review some of the rules HRDC applies for farmers and other self-employed people. Some of them, could be significantly unfair for people involved in part-time farming or have a share in a farm.

If you would like further information on this subject please contact the Wild Rose office.

Proposed Dangerous Goods Amendments

"The Agriculture industry and federal regulations for slip tanks for gasoline and diesel fuel"

Transport Canada is proposing changes to the Transportation of Dangerous Goods (TDG) Regulations that would affect the type of container that can be used to transport gasoline or diesel fuel in slip tanks. The proposal will appear in an amendment to the TDG Regulations referred to as the "clear language amendment to the TDG Regulations", expected to be published for comment early this summer.

The requirements, as they affect the agriculture industry, appear in different places in the Regulations and in the standard for the use of tanks, so here's a summary of the current and latest developments on proposed requirements from those sources, for diesel and gasoline.

There are two things to keep in mind when looking at the TDG Regulations for containers:

- requirements for containers of 454 L capacity or less are more relaxed than for higher capacities;
- there are exemptions from the regulations for certain activities, particularly agriculture.

Current requirements

Currently, tank over 454 L, built after July 1996 and containing gasoline must be certified to either the Transport Canada standard, TC-57 specification tanks, or to the United Nations standard, UN 1A1 specification IBC's. Certified containers are not currently required for diesel fuel, regardless of capacity.

Proposed requirements

The amendment would require tanks for diesel fuel over 454 L in capacity and gasoline tanks of any capacity, to be built and used in accordance with the standard for Intermediate Bulk Containers (IBC's, beginning January 2003).

The standard requires a certified UN 1A1 IBC or ITC 57 for all flammable liquids, including diesel. Recent proposed revisions to the standard however, would permit the use of ULC certified slip tanks up to the year 2010 for diesel only, if the tank was built before January 20, 2003. All tanks must be leak tested and inspected at a Transport Canada registered facility every 2 1/2 years".

Beginning 2010, only UN 1A1 IBC's or TC 57 would be permitted for transporting diesel in slip tanks over 454 L capacity.

Proposed revisions to the standard would permit slip tanks to be inspected (no leak test) every 5 years at a Transport Canada registered facility.

Proposed exemptions for agriculture

There are two sections in the proposed amendment that would, under certain conditions, exempt the agriculture industry from compliance with the standard for slip tanks for diesel and gasoline:

1. The transportation of up to 1500 kg (net) of any dangerous goods (other than explosives, toxic gases, infectious substances, or radioactive materials) by road, on a licensed farm vehicle, for a distance of 100 km or less.

2. The transportation of up to 3,000 kg (net) of any dangerous goods (other than explosives, toxic gases, flammable gases over 45 L, infectious substances or radioactive materials) between a retail outlet and the purchaser's residence or place of consumption, by road for a distance of 100 km or less. The goods must be used for agricultural purposes.

The full text of the proposed amendment will appear on the Transport Canada website, www.tc.gc.ca, - Safety and Security/Dangerous Goods. The Wild Rose Agricultural Producers Association is on the list of associations to receive a copy of the proposed amendment in the mail. The amendment will provide instructions for those who wish to submit comments to the Minister of Transport.

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