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Congratulations to Papworth Farms of Turin, AB and Larter Feeders of Picture Butte, AB on their recent celebrations in becoming Centennial Farms.

Will this combine run on the crop that it harvests in the future?

To the Point—Will The Bio-fuel Business Change Agriculture?

By Shaun Haney

Every so often there is a moment in time when a topic becomes the "sexy" thing to talk about. Currently whether you talk to oilseed growers, grain processors, grain handlers, or the local economic development board members, everyone is discussing the possibilities of the bio-fuel market. This article began with me, the amateur reporter, trying to understand the bio-fuel issue in more detail. Is it all hype or are farmers and other stakeholders really going to enjoy the fruits of this technological advancement?

Until recently much of the news clippings have been "gold rush like" in hype and blind optimism. As new technology moves from the innovation-idea creation stage to becoming actual reality ,many times people find out in a hurry that execution is not as easy as first thought.

In 2003, Dr. Kurt Klein, Professor of Economics at the University of Lethbridge, was granted one of the largest Social Sciences and Humanities Research Council (SHRC) grants in the history of the U of L ($650,000) to study bio-products. From that grant the Socio-Economic Research Network on Bio-Products was formed.

Dr. Klein began our conversation by saying that the bio-fuel industry initiative is driven by four key reasons:

1. Energy security
2. Reducing greenhouse gases (Kyoto Protocol)
3. Stabilizing / raising farm incomes
4. Initiating rural development

From these four points my quest to try and understand the viability of the bio-fuel industry in Canada now had somewhere to build from.

"If efficiently run plants are developed, the profits are there. What I fear is while there appears to be lots of money, there is little big money being invested in Canada. What is missing is the economics," stated Klein.

Larry McNamara, President of Associated Proteins in St. Agathe, Manitoba agrees with Klein and adds, "In order to spur investment in bio-fuel plants the governments of Canada need to subsidize development the same as the American government."

Although Klein disagrees with McNamara on the need for subsidies, Klein reiterated to me that the price of crude is high, the natural gas price is low and feedstock prices are low. As a result bio-fuel plant returns are maximizing and yet investment in Canada is still lagging. If this industry is economically viable it should be able to sustain itself without subsidies.

It was at this point in my discussions with my participants that I realized that this was a very complicated issue just from the standpoint of the viability of the initial investment.

Neil Arbuckle, Manager Seed Business, Agricore United solidified the overall situation investment situation by stating , "There is lots of interest and talk but nothing is really in place to justify the investment at this point."

In 2006, American ethanol plants will produce 4.6 billion US gallons of ethanol and in 2007 5.8 billion US gallons. Obviously the American production of ethanol dwarfs the Canadian production at this point in time. Canadians are questioning the justification for investment while the US is building mega-size plants.

I turned to Dr. Mike Ingledew, Professor of Industrial Microbiology specializing in Alcohol Production at the University of Saskatchewan to try and get some answers. A recent recipient of an award of excellence from the International Fuel Ethanol Workshop for increasing the production efficiency of ethanol plants, Dr. Ingledew believes that the reason that Canada is lagging in financial investment to boost the industry is simple.

"In Canada currently we do not have champions encouraging investment," exclaimed Dr. Ingledew.

Dr. Ingledew renowned for his work developing "very high gravity fermentation," which involves increasing the alcohol concentration from the traditional 10% to

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"I have been waiting for a bonification system for twenty years, so if it takes bio-diesel to get it going then even better."

Is this truck hauling food or fuel?

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above 20%.

"As you increase your production capacity per input, your cost per liter of fuel drops substantially, Dr. Ingeldew proudly said.

Ingledew continued, "There are 107 ethanol plants in North America and their capacity continues to rise. China in fact is currently building a facility that will produce over 350 million liters per year."

After I got off the phone with Dr. Ingledew, I quickly reflected that the Canadian Industry is behind Europe and the US by a very substantial amount.

My next logical step was to ask someone from government why they are letting this happen.

I contacted Matthew Machielse, Director Bio-Industrial Technologies Division, Alberta Government, and asked him why the government is not leading in the development of this industry?

Machielse recognized everyone's concern but he assured me that the Alberta Government is focused on developing its Bio-products strategy. This strategy from the viewpoint of government has to be built around two key points.

1. Integration with the existing energy industry
2. Development of processing capacity within Alberta

Machielse assured me that, "This is an important issue to the Alberta Government. We must try and determine the right bio-fuel strategy for Albertans."

I then thought back to my discussion with Dr. Klein and his four points and wondered if those same four points would define the "right bio-fuel strategy for Alberta."

1. Energy Security—It is no secret that this is the main reason for the subsidies that the American Government is supplying to its bio-fuel industry. In Canada this point really doesn't hold water because of our vast energy resources and slightly less aggressive foreign policy in comparison to the US.

2. Reducing Greenhouse Gas Emissions—Through my conversations I have discovered that this point is up for debate.

Dr. Ingledew said, "Ethanol is a great fuel because it is CO2 neutral. Using ethanol fuel reduces the amount of petroleum produced CO2."

Dr. Klein is much more skeptical by saying, "If reducing greenhouse gases is our main concern we can accomplish this through much more effective and cheaper methods than producing bio-fuels."

I then remembered Dr. Ingledew mentioning to me the growth of the Flex Fuel vehicle industry in Brazil. Currently all car manufacturers rate their vehicles E10 (can run on 10% ethanol). Flex-fuel vehicles on the other hand can run on fuel that contains anywhere between 0-100% ethanol. According to the World Ethanol and Biofuels Report—April 26, 2006, flex-fuel car sales were up 187% in March compared to the prior month. On top of that staggering stat, the report continued to state that flex-fuel car sales made up 77.7% of all car sales in the month of March in Brazil.

At least at this point we do know that there is some environmental benefits to running bio-fuel in our vehicles but the aggregate benefit was something that I couldn't get my head around.

3. Stabilizing / Raising Farm Income—As you read this point can you smell the controversy.

I thought that Neil Arbuckle, Manager Seed Business, Agricore United, put it best when he stated , "If farms don't profit, what is the point?"

Richard Papworth, owner of Papworth Farms in Turin, AB (recent centennial farm celebrator) agrees with Arbuckle by saying, "Bio-diesel could be a huge boost to the oilseed producers of Alberta." Papworth continued, "It is important that the plan that is developed begins at the farm gate."

Larry McNamara, said, "The economics are simple. This should be positive for primary producers because it is a new cash crop alternative."

Due to his experience in the US, I asked Dr. Ingledew if the US farmer is profiting from the explosion of ethanol capacity?

"Prices for US agricultural commodities have gone up due to increased demand which causes a reduction in ending stocks. As a result, feed grain exports will lower with time as the trend continues," Ingledew said answering my question. He then continued, "Farming has to be sustainable, the more places you have to send your product the better for farmers."

So where is the controversy you ask?

The controversy lies in the question whether this will actually happen instead of should it happen. One of the issues raised in the Country Guide—May 2006 in an article by Lyndsey Smith entitled Bio-diesel Looks For a Place in Canada, Barb Isman, President of the Canola Council of Canada, was concerned about the chance that Canada's place in the industry would become shipping raw canola to plants in the US and then Canada buying bio-diesel back.

On top of this, you must consider that traditionally farmers are paid

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based on mostly visual physical qualities instead of the intrinsic value in crops like canola.

Neil Arbuckle brought up the idea that this might be a good time to initiate a bonification system for oil content (farmers would be paid based on the oil content of their canola crop).

Dale Burns, Plant Breeder—Monsanto Canada, definitely agreed , "I have been waiting for a bonification system for twenty years, so if it takes bio-diesel to get it going then even better."

4. Initiating Rural Development— This was the one point that most of the people I talked to really kind of thought was weak. Creating 100 direct jobs at a large capacity facility is not really going to boost rural development significantly. In Alberta right now there is such an economic boom in the oil patch which has shrunk the labor pool so significantly that creating more jobs is not really a concern. It seems unreasonable that a developer would build a 200 million liter per year facility in a town where 100 jobs would make a structural change to employment in the community.

One conclusion that I feel very confident in making is that it is a very exciting time in agriculture because of this possible structural change in end use for the crops that we produce as farmers. Keep in mind though that Canadian agriculture is going to face significant challenges in the bio-fuel market which is currently spurring investment in virtually an insignificant industry in Canada. Other restraints for the future of bio-fuels in Canada will hopefully be addressed in future issues of this publication are: lowering the clouding point of bio-diesel through breeding, KVD holding back industrial varieties from registration, everyone's inability to pipeline ethanol fuel, and the challenge of integrating the bio-fuel system into the current energy infrastructure.

One can only hope that when you drive up and down highway 2 between Lethbridge and Edmonton the fields will soon be full of signs that say "WE GROW ENERGY." Hopefully dreams do become reality.

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Ropin' the Web Offers Information, Hands-on Tools for Alberta Producers

Eleven years and 24 million visits later, Alberta Agriculture, Food and Rural Development's website Ropin' the Web (www.agric.gov.ab.ca) continues to evolve and deliver timely agricultural information.

"News and reference information fuel Ropin' the Web's content," says Gerard Vaillancourt, branch head for Ropin' the Web.

There are over 10,000 information documents on the site as well as useful services like the hay and livestock for sale listings as well as directories to help visitors find a custom services contractor to do their fall combining and much more.

But of increasing value to Alberta ranchers and farmers are the easy-to-use calculators that help with production decisions about forage seed mixtures and herbicide selection etc., as well as financial decisions about crop inputs, livestock production and machinery costs.

Two new on-line tools for agriculture producers include the Alberta Soil Information Viewer (AGRASID) and the AgroClimatic and Information Service (ACIS).

AGRASID lets users get a better grasp of the productive potential of agricultural land throughout Alberta. This information can be combined with an aerial view of their operations and user-friendly soil landscape descriptions. Producers can print or e-mail maps that show what their land looks like from the sky. From the home page, click on Soil/Water/Air; the Alberta Soil Information quick link is located on the right-hand side of the web page.

ACIS is another tool that helps producers, farm consultants, and researchers create maps that describe Alberta's weather and climate for both long-term planning and decision-making throughout the growing season.

Use ACIS to get maps of the 100-year record of Alberta's climate or see what is happening right now. You can find ACIS by looking under Climate & Weather on the RTW homepage, or going directly to: www.agric.gov.ab.ca/acis

RTW continues to be rated as one of Alberta farmers' favorite and most useful agricultural sites. Nearly 80% of Alberta farmers who are on-line used RTW at least once in the last four months.

And keeping up on all the new information on Ropin' the Web is easy to do by subscribing to the weekly e-newsletter, *RTW This Week.* It tells you what's new on the site and provides links so the material is easy to find. If you're interested in subscribing to *RTW This Week*, contact Tracey Feist at tracey.feist@gov.ab.ca.

Producers can visit Ropin' the Web at www.agric.gov.ab.ca, or get more information about the site by calling the AgInfo Centre toll-free in Alberta at 310-FARM (3276)

By: Gerard Vaillancourt, Branch Head Ropin the Web

RopinTheWeb | Agriculture, Food and Rural Development

Beef Industry Benefits from Breakthrough
Sensors Detect Ailing, Stressed Animals

David Finlayson

Edmonton Journal

Thursday, June 15, 2006
EDMONTON - A made-in-Alberta world-first in cattle health monitoring will make the industry more efficient and less disease prone, producers heard Wednesday.

New technology developed at Alberta Research Council uses remote sensors and wireless transmitters to send real-time information on individual animals back to a central computer at a ranch or feedlot.

That allows early intervention on sick or stressed animals that is so critical in preventing costly treatment or even death, said Lloyd Osler, president of Ovistech, the Edmonton company that adapted its human pandemic surveillance software for use in cattle.

The Feedlot Animal Remote Sensing (FARM) project is a milestone in animal health monitoring and a great example of public and private partnership, Osler said.

"This kind of technology integrated into the production system allows us to take a quantum leap in animal health and safety," he said.

Ovistech and ARC launched the project in 2004, and Harding Instruments, Xanatec Technologies, Precarn Inc. and the U of A all made major contributions.

The cattle industry has had a traumatic couple of years because of BSE, and while the FARM system is not designed for that untreatable disease, it takes animal safety to the next level, Osler said.

The cattle wear an eartag that continually monitors their temperature, while a collar contains a device that keeps track of how much they are moving.

High temperature and lack of movement are key indications of a problem animal.

The collar also contains a transmitter that sends the information to a base station.

A field trial of the system ended successfully earlier this month and the development team is now for looking for strategic partners to refine the technology and take it to commercial production, he said.

He figures it should be ready for the dairy industry in six months, the beef cattle sector in 12 to 18 months, and cost producers $5 to $7 per animal.

Reg Schmidt, the Thorsby feedlot owner who tested the system on 45 feed calves starting last fall, said it has the potential to save him as much as $35,000 a year.

"We've struggled for years dealing with animal illness every fall, and this technology will give us an edge in reducing our costs."

If it reduced the calf death rate of two to three per cent by just one per cent, that's a $25,000 saving each year on his 2,500 animals, he said.

And he would probably save $10,000 a year in reduced treatment costs because of early intervention, he said.

New Technology developed at the Alberta Research Council monitors the health of cattle

It would also drastically cut the labour costs of checking each animal individually on foot or horseback, he added.

"My wife has a pedometer and she walks seven and half miles a day checking animals. We've been doing that for 25 years, and there has to be a better way."

Schmidt said it's about time the electronics industry started paying attention to the agricultural sector.

"Wal-Mart can count boxes on shelves at an Edmonton store from thousands of miles away, so why can't we monitor animals the same way?"

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Customer Focus—Tower Cattle Co.

Ted and Dawn Nikkel own and operate Tower Cattle, a 3000 head custom feedlot, located east of Pincher Creek on Hwy 507. Tower cattle backgrounds cattle, bringing in 400lb animals and selling them at 800 pounds.

The name for the business came from the fact that they are located a mile or so south of tower hill, a well known landmark east of Pincher Creek.

Ted bought the farm from his Dad in 1990 and with Dawn, his Dad and two full time employees they have expanded the feedlot to its present capacity. Tower Cattle farms 1100 acres, of which all of it is used to grow feed for the feedlot. Tower Cattle grows barley silage and this year it planted HO3b and CDC Yorkton that is doing well in spite of some hail damage.

Ted and Dawn have a wonderful family of two girls aged thirteen and seven and a son who is eleven.

Haney Farms would like to thank Tower Cattle Co. for their continued support and wish them all the successes in the future.

Ted and Dawn operate Tower Cattle Co. in Pincher Creek